BITCOIN GROUP SE

ANNUAL REPORT **2019**

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BITCOIN GROUP SE AT A GLANCE

BITCOIN GROUP SE KEY FIGURES

Improvement in key performance indicators

		2019	2018
Number of customers		840,000	779,000
Bitcoin price	EUR	6,516.03	3,257.05
Bitcoin Cash price	EUR	181.94	135.68
Bitcoin Gold price	EUR	4.85	-
Ethereum price	EUR	117.14	117.88
Bitcoin Satoshis Vision price	EUR	91.56	-
Revenue	EUR thousand	6,298	11,333
Result from ordinary activities	EUR thousand	4,228	8,656
Financial result	EUR thousand	38	6
Earnings after taxes	EUR thousand	2,153	1,546
Earnings per share	EUR thousand	0.43	0.31
Equity ratio		76.96 %	85.15 %

FOREWORD BY THE MANAGING DIRECTORS

Dear Shareholders,

Our Group has performed very well. We can look back on a successful 2019 fiscal year where we were able to further diversify our business model.

Bitcoin Group SE generated revenue of EUR 6,298 thousand in fiscal 2019 after EUR 11,333 thousand in 2018. The downturn is mainly due to a high starting point in 2018, especially at the beginning of the year. Earnings before interest and taxes (EBIT) improved significantly to EUR 3,236 thousand compared to EUR 2,432 thousand in the previous year. This represents earnings per share of EUR 0.43, an increase of 38.7% over the previous year (EUR 0.31 per share).

The environment remains characterized by persistently low interest rates and high uncertainties in the political and economic field. While banks and insurance companies continue to suffer from the prevailing situation and have to adjust their business models, the cryptocurrency market is benefiting from the increasing demand for corresponding currencies. In 2019, for example, the Bitcoin quotation rose from EUR 3,257.05 to EUR 6,516.03. In mid-July, the Bitcoin share price reached a high of EUR 11,210.93, thus continuing the momentum of the record year 2017. It clearly shows that investors appreciate the numerous opportunities and advantages of cryptocurrencies and that interest in Bitcoin, Ethereum and other coins remains high.

In this way, Bitcoin Group SE grew dynamically, which can also be observed in the number of customers on Bitcoin.de – Germany's leading trading place for cryptocurrencies. By the end of 2019, the number of users amounted to 840,000. At the end of the 2018 fiscal year, 779,000 customers used the services of Bitcoin.de.

The Bitcoin.de app launched in early August 2019 had a positive impact on the Group' s growth. It gives users even faster and more convenient access to their Bitcoin.de accounts. Customers can use express trading, access comprehensive information on their investments and use the price alarm clock with a push message function. Initially the app was available for iOS devices in the App Store. A version for smartphones with Android systems has been available since the first half of 2020.

We have laid the foundation for further growth with the announcement of our plan to apply for a license for the crypto-custody business towards the end of the year. In this way, the Group will expand its services in business with institutional customers, which is bundled in futurum bank AG. In the future, Bitcoin Group SE will also be able to act as a custodian of cryptoassets for business customers once BaFin has granted its approval. This will open up a wider customer base and additional revenue potential.

Our achievements in the past year put us in an excellent position to forcefully pursue our customer-oriented strategy and achieve our goals. Given the further expansion of our service portfolio and the robust demand for cryptocurrencies, we are optimistic about 2020 fiscal year.

Nevertheless, the coronavirus pandemic and the related containment measures make a reliable forecast difficult. In addition to the continued positive development of the company, the aim of our actions is also to protect all employees.

We expect a positive result for the 2020 financial year.

At this point, we would like to thank our employees for their great commitment, especially in these challenging times. We would also like to take this opportunity to thank you, our shareholders, for the trust you have placed in us. Stay healthy and well disposed towards us.

Herford, June 2020

Marco Bodewein	Michael Nowak
Managing Director	Managing Director

THE BITCOIN GROUP SE ON THE CAPITAL MARKET

SHARE PRICE DEVELOPMENT

The share of Bitcoin Group SE performed well in 2019. In the reporting period, the share price achieved a plus of 35.8% compared to the closing price of 2018.

On January 2, 2019, the shares started the stock market year at a price of EUR 19.14 and reached a high for the reporting year of EUR 46.90 on June 26. The share price rose in particular in the second quarter of 2019 in the context of a noticeable revival and sustained recovery trend in the cryptocurrency markets. The share reached its lowest point on February 13 at EUR 15.25. After the high for the year in June, the share price fell in the course of the second half of the year and settled in a sideways trend around the price of around EUR 26.00. Based on 5,000,000 shares in circulation, the market capitalisation as of 30 December 2019 was EUR 125.25 million at a closing price of EUR 25.05 (all figures based on Xetra closing prices). At the end of 2018 on December 28, 2018, the market capitalization was EUR 92.25 million with the same number of shares and a closing price of EUR 18.45. The average daily trading volume of Bitcoin Group shares on all German stock exchanges in the reporting period was 45,301 shares compared to 36,213 shares in the reporting year 2018.

PRICE PERFORMANCE OF BITCOIN GROUP SHARES 2019

INVESTOR RELATIONS

Bitcoin Group supports its strategic and operational business activities through constructive and open communication with all capital market participants. The Group's financial communication serves the purpose of ensuring that all shareholders and interested parties are equally informed about any developments. The Group always communicates events relevant to the development of the share price promptly in press releases and ad-hoc announcements. The management considers the publication requirements as an opportunity to enter into a dialogue with all stakeholders and to create additional awareness for Bitcoin Group SE and its business model. The company offers interested parties the opportunity to follow annual and semi-annual reports as well as company news on the homepage in the Investor Relations section (bitcoingroup.com).

The shares of Bitcoin Group SE are listed on the primary market of the Düsseldorf Stock Exchange and are traded on the Regulated Unofficial Market of the Frankfurt Stock Exchange on Xetra and on the Frankfurt Stock Exchange and other German stock exchanges. The FinTech Group AG acts as Designated Sponsor and ensures adequate liquidity and corresponding tradability of the Bitcoin Group share by providing binding bid and ask prices.

KEY DATA ON BITCOIN SHARES

Sector	Financial Services
ISIN	DE000A1TNV91
GSIN	A1TNV9
Ticker symbol	ADE
Stock exchanges	Düsseldorf, Frankfurt, Xetra, München, Stuttgart, Berlin, Hamburg, Hannover, Tradegate
Number and type of shares	5,000,000 no-par value bearer shares
Designated Sponsor	FinTech Group AG
Opening price	EUR 19.14
High	EUR 46.90
Low	EUR 15.25
Closing price	EUR 25.05
Share price development	+35.8%
Market capitalisation	EUR 125.25 million
End of financial year	December 31

SHAREHOLDER STRUCTURE

As a long-term anchor shareholder, Priority AG held between 50% and 75% of the voting rights as at 30 December 2019 to the knowledge of the company. The free float with voting rights of less than 5% of the share capital as defined by Deutsche Börse amounts to between 25% and 50% as at 30 December 2019.

ANNUAL GENERAL MEETING

On July 12, 2019, the Managing Directors of Bitcoin Group SE reported on the robust growth and developments in the 2018 financial year at the Annual General Meeting in Herford and took a look into the future. The shareholders expressed their satisfaction with the company's development and discharged the Board of Directors and the Managing Directors. In all items on the agenda, the proposals of the management were accepted by the shareholders with large majorities. The voting results of the Annual General Meeting can be viewed on the company website www.bitcoingroup.com in the Investor Relations section.

REPORT OF THE BOARD OF DIRECTORS

The bitcoin system, with its decentralized peer-to-peer network, again further strengthened its position as an independent asset class in the turbulent year that was 2019.

One outstanding event within **BITCOIN GROUP SE** in 2019 was the announcement by the Federal Financial Supervisory Authority (BaFin) on July 10: The acquisition of futurum bank GmbH Wertpapierhandelsbank by **BITCOIN GROUP SE** in November 2018 received regulatory approval and thus took legal effect. The successfully launched bank has been operating as futurum bank AG since October.

In the year under review, the Board of Directors of **BITCOIN GROUP SE** duly performed the duties required of it in accordance with the relevant laws, the Articles of Association and Rules of Procedure, and was constantly in contact with and advised the Managing Directors. The Managing Directors continuously and comprehensively reported to it on the Group's development and related issues concerning the Group's financial position and financial performance, its strategic orientation and its risk management. Within the extent of its powers, the Board of Directors actively participated in the decisions to be made and assured itself of the regularity of management. The regular reports by management on talks held in person, by phone and in writing provided the Board of Directors with an up-to-date overview of management operations at all times.

All transactions and activities that required the approval of the Board of Directors were first discussed at length with the Managing Directors; thus, the Board of Directors was reliably involved in all decisions of fundamental importance to the Group.

As a subsidiary, **Bitcoin Deutschland AG** had close contact with and was actively involved in the Group's work at all times.

Please also refer to the ad hoc disclosures and corporate news of **BITCOIN GROUP SE** on its website.

In total, the Board of Directors held four meetings in fiscal 2019, namely on May 17, May 27, July 12, and November 15, 2019. The composition of the Board of Directors was unchanged. The Board of Directors has not formed any committees.

The auditor reported on the forthcoming annual financial statements for 2018 at the meeting on May 17. Considerable time was dedicated to the at times substantial amendments to the International Accounting Standards and the International Financial Reporting Standards.

Following intensive internal discussion of all the documents submitted in due time and the resulting amendments to the 2018 annual financial statements referred to above, the Board of Directors subsequently adopted these at its meeting on May 27.

The results of the successful Annual General Meeting on July 12 were discussed by the Board of Directors after it was completed.

The Managing Directors provided a supplementary overview of the ongoing projects and negotiations.
The Board of Directors granted the Managing Directors sole power of representation and approved the planned transformation of futurum Bank GmbH into a stock corporation.

At its meeting on November 15, the Board of Directors extensively discussed the half-year report submitted by the Managing Directors, considered the capital increase of futurum Bank AG in depth and, with the Managing Directors, approved the strategic planning for the forthcoming new fiscal year.

The ad hoc disclosures of May 17 and July 10 were prepared with the Board of Directors' involvement.

The Board of Directors adopted further resolutions on **BITCOIN GROUP SE**'s declaration of compliance in accordance with the provisions of the German Corporate Government Code (GCGC) in accordance with section 22(6) of the SE-Ausführungsgesetz (SEAG – German SE Implementation Act) in conjunction with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act), editorial amendments to the Articles of Association and personnel issues.

At the accounts meeting on June 22, 2020, after a detailed, internal discussion, the Board of Directors approval all the financial statement documents of the Group submitted to it in due time; the annual financial statements of Bitcoin Group SE were therefore adopted in accordance with section 47(5) SEAG in conjunction with section 172 AktG.

All resolutions of the Board of Directors were adopted unanimously with all members in attendance.

The Board of Directors did not identify any risks to **BITCOIN GROUP SE** as a going concern at any time. As in the previous year, the company always protects its IT systems using state-of-the-art security and technology; the customer portfolios it manages are regularly audited and confirmed by independent auditors. However, despite all safeguards, it will never be possible to completely rule out significant losses as a result of external criminal activities in connection with software errors.

On behalf of the Board of Directors of **BITCOIN GROUP SE**, I would like to thank the Managing Directors and all the employees who have helped to successfully tackle the work to be done in the past fiscal year of 2019, for their dedication and their always close and trusting cooperation.

Remscheid, June 22, 2020

Martin Rubensdörffer,
Chairman of the Board of Directors of
BITCOIN GROUP SE

02 GROUP MANAGEMENT REPORT

COMBINED GROUP MANAGEMENT REPORT FOR FISCAL 2019

BASIC INFORMATION ON THE GROUP

BUSINESS MODEL

Bitcoin Group SE, Herford, is a capital investment and consulting company with a focus on Bitcoin and blockchain business models. The Bitcoin Group assists its portfolio companies in tapping growth potential with management services and capital, in order to launch these companies on the capital markets in the medium term. Bitcoin Group SE is planning further equity investments, including through asset deals and capital increases. Bitcoin Group SE's objective is to increase the enterprise value and profitability of its equity investments.

Bitcoin Group SE wholly owns Bitcoin Deutschland AG, Herford. Since 2011, Bitcoin Deutschland AG has been operating Germany's largest marketplace for the digital currency bitcoin and other cryptocurrencies at www.bitcoin.de.

On January 15, 2018, Bitcoin Group SE acquired an interest in Sineus Financial Services GmbH, Melle, by acquiring 50% of the shares in the company.

On November 12, 2018, Bitcoin Group SE acquired 100% of the shares in what is today futurum bank AG. The transaction was closed in July 2019.

OBJECTIVES AND STRATEGIES

The Group is focused on companies with crypto-currency and blockchain business models, and intends to participate in the promising developments in the field of disruptive cryptocurrencies through invest-ments in these companies.

The Bitcoin.de trading platform owned by the Group has confirmed its dominant role in Germany for the digital currency, and benefits from customers' confidence in Germany's corporate environment. There are many unregulated Bitcoin marketplaces abroad. Payments are made to the bank account of the respective operators of foreign marketplaces and, in the event of insolvency, are usually not protected. Bitcoin.de offers the advantage that customers keep the euro amounts in their own bank accounts, with deposit protection, until the purchased bitcoins are paid for.

Bitcoin Deutschland AG has proven in recent years that cryptocurrencies are also relevant in Germany, and that business models can be established in this area without any negative impact on reputation.

futurum bank AG is an expert partner for trading in shares, bonds and other stock exchange products. Its customers are German and international banks, insurance companies, asset managers and fund companies. The bank's independence and performance-oriented trading contribute to the success of all partners. The Capital Markets division was implemented alongside the Trading division in 2019. In the Capital Markets division, futurum bank AG provides services for listed customers, and those planning to become listed, on all capital market issues, such as IPOs, IBOs and other corporate actions, with a focus on the structuring and technical settlement of such corporate actions.

futurum bank AG is licensed by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority; Marie-Curie-Strasse 24-28, 60439 Frankfurt/Main, www.bafin.de) to perform financial services, and is subject to its oversight.

MANAGEMENT SYSTEM

All business units and subsidiaries report monthly on their financial position and financial performance, which are included in the company's half-year and annual reports. The segments also deliver monthly assessments of current and projected business developments. Furthermore, the following components essentially ensure compliance with the internal controlling system:

- regular meetings of the management board, supervisory board and the board of directors
- regular shareholder and general meetings
- risk and opportunity management
- liquidity planning
- monthly reports by segments
- internal audits

RESEARCH AND DEVELOPMENT

On the basis of the new technological foundation that was developed in 2018, the new "crypto-to-crypto marketplaces" (with external customer wallet) went online in fiscal 2019. What makes this new marketplace so special is that only one cryptocurrency, which is used for payment, has to be kept on Bitcoin.de – e.g. BTC/Bitcoin. The other crypto coin or crypto token is transferred directly to an address of the buyer by the seller. As the open ledger nature of the blockchain means that all transactions are transparent, i.e. they can be publicly viewed by anyone, Bitcoin.de can track the transfer of the crypto coins or tokens owed and thus confirm the fulfillment of purchase contracts. This innovative "crypto-to-crypto marketplace" (with external customer wallet) has several advantages. One half of the traded pair always remains with the buyer and seller, and therefore does not have to be transferred via a third party (Bitcoin.de), which saves the participants time and money. This is also the advantage of the current marketplace model, where the euro remain with traders at all times and do not have to be paid into the trading platform. Bitcoin.de will also be much more flexible in adding new cryptocurrencies or tokens, as only a tool to query the respective blockchain has to be provided rather than a complex wallet infrastructure for each new addition. The new market places were launched in March 2019 with the Golem and DASH tokens. The cryptocurrency Litecoin was added in the third quarter. Preparations were made in the fourth quarter to include IOTA, EOS and Ripple in the system, and IOTA has since already been implemented.

The official Bitcoin.de app was launched at the start of August. The app lets users access their Bitcoin.de account quickly and easily. Customers that use express trading can do so with the convenience of the app, whenever and wherever they are. A price tracking function sends users push messages to let them know about good trading opportunities. The app was only available for the Apple operating system iOS in 2019, and a version for Android system smartphones was added in the first half of 2020.

At the same time as the app, work continued on the trading API in the first half of 2019. Technically adept users can also automate activities on Bitcoin.de. In addition to opening their order book, executing express trades and checking their own holdings or trade history, users can now also carry out “non-express” trades (SEPA transfers) or crypto-to-crypto trades and implement script-based incoming and outgoing payments using new versions of the API.

In the context of continuous improvement, the registration was overhauled in the first half of the year (e.g. entering and confirming one’s cellphone number and bank details). Usability was also improved significantly to activate important two-factor authentication (Google Authenticator).

ECONOMIC REPORT

GENERAL ECONOMIC AND INDUSTRY CONDITIONS

Many factors influence the value of and demand for bitcoins. One of these is the development of the economy and the exchange rates of national currencies. While gross domestic product in the euro area grew by 1.2% in 2019 according to the statistical office of the European Union (Eurostat), the price of bitcoin – the cryptocurrency benchmark – improved by 87.2% against the euro over the same period (source: Coinmarketcap.com).

The daily trading volume in the Bitcoin benchmark currency on Bitcoin exchanges rose from USD 4.662 billion on December 31, 2018 to USD 21.17 billion on December 31, 2019 (source: Coinmarketcap.com).

Throughout Germany, we are as yet unaware of any other investment company for disruptive technology-oriented companies (Bitcoin and Blockchain), hence Bitcoin Group SE can still claim to be a monopolist.

The overall conditions for Bitcoin have continued to improve. The voices calling for a ban on Bitcoin and other cryptocurrencies are becoming ever quieter. It is now generally accepted that the decentralized Bitcoin network cannot be regulated. The network is the only source of information on regulated trading platforms and organizations that accept cryptocurrencies as payment, assist official agencies and investigate crimes in connection with cryptocurrencies.

The overall economic situation and the persistently low interest rates in fiscal 2019 mean that an investment in bitcoins is still attractive for investors.

BUSINESS PERFORMANCE

The company planned to acquire further equity investments in the past fiscal year. This plan was successfully implemented with the acquisition of a 100% interest in futurum bank AG (formerly Tremmel Wertpapierhandelsbank GmbH).

Bitcoin Group SE still wholly owns Bitcoin Deutschland AG. As a broker bound by contract of Fidor Bank AG, Munich, Bitcoin Deutschland AG brokers investments in financial instruments in the name and on account of Fidor Bank AG in accordance with section 1(1a) sentence 2 no. 1 KWG.

The number of Bitcoin.de customers has increased from around 779,000 to approximately 840,000 over the fiscal year, corresponding to average growth of around 5,083 customers per month.

Revenue (predominantly commission on the Bitcoin.de marketplace) was in line with the success forecast in the second half of the previous year.

No restructuring measures or rationalization measures were necessary in fiscal 2018.

No cooperation or other agreements were entered into or terminated. Furthermore, there were no changes in the legal or economic conditions, no changes in market or competitive conditions and no changes in market share or competitive position.

There is no seasonal influence on cryptocurrency trading.

There were no particular cases of damage or accidents at the time of reporting. However, a plan to switch to home office was implemented early in 2020, hence the spread of the COVID-19 panic did not cause any restrictions in operations. The work of the equity investments Bitcoin Deutschland AG and futurum bank AG continued with no restrictions.

futurum bank AG's Trading division reported strong increases in volumes, both on the basis of individual orders and in general thanks to ongoing growth in its customer base. The newly implemented Capital Markets division exceeded expectations, and the Bank drew the attention of listed customers with a number of transactions in the areas of consulting and project processing, securities technology and issuing and placement consulting.

The combination of experienced traders and capital markets specialists is making a significant contribution to the successful market launch of futurum bank AG.

FINANCIAL POSITION AND FINANCIAL PERFORMANCE

RESULTS OF OPERATIONS

The comparison of the income statements for the 2018 and 2019 fiscal years shows the results of operations and changes in them. Operating revenue fell to EUR 6,298 thousand in fiscal 2019 after EUR 11,333 thousand in the same period of the previous year. This is essentially due to the contraction in trading volume on Bitcoin.de. EBITDA therefore amounts to EUR 2,595 thousand. The largest and only significant earnings item is revenue from the proceeds of trading in Bitcoins and other cryptocurrencies. The largest cost item in EBITDA is other operating expenses, which declined by 10% . This was due to the inclusion in consolidation of futurum bank, which increased staffing levels. Taxes for the reporting period are calculated on the basis of the German provisions for determining income.

„Bitcoin Deutschland AG" segment in accordance with HGB

Revenue decreased by 56.07% year-on-year from EUR 10,381 thousand to EUR 4,560 thousand. This was on account of an unusually strong trading volume in the early phase of 2018, which was not repeated in the year under review of 2019. As personnel expenses (down 2.5%) and "miscellaneous operating costs" (down 87.4%) were also reduced, earnings after taxes increased by 26% from EUR 1,998 thousand to EUR 2,518 thousand.

„futurum" segment in accordance with HGB and RechKredV

Net commission income in the Capital Markets division improved by EUR 291 thousand to EUR 571 thousand (previous year: EUR 280 thousand). Net income from trading activities also improved by EUR 240 thousand to EUR 439 thousand (previous year: EUR 199 thousand).

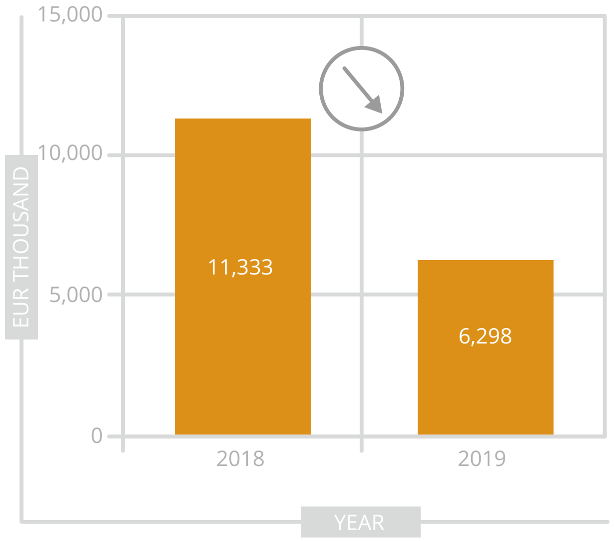
Gross profit thus increased significantly by EUR 476 thousand to EUR 943 thousand (previous year: EUR 467 thousand).

Within administrative expenses (EUR 1,044 thousand; previous year: EUR 967 thousand), there was a shift between personnel and other administrative expenses in connection with the company's reorganization. Personnel expenses rose by EUR 445 thousand to EUR 721 thousand (previous year: EUR 276 thousand). Other administrative expenses decreased by EUR 368 thousand to EUR 323 thousand (previous year: EUR 691 thousand). Other operating expenses amounted to EUR 6.5 thousand as against EUR 0 thousand in the previous year.

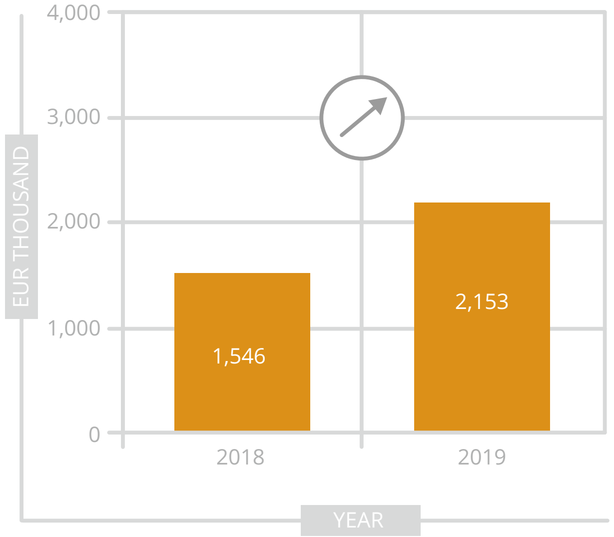
Depreciation and amortization expense on non-current assets increased by EUR 11 thousand to currently EUR 23 thousand (previous year: EUR 12 thousand). Other operating income largely comprises tax receivables of EUR 49 thousand.

The net loss for the year of EUR 77 thousand thus results primarily from interest expenses for the Group's internal subordinated loan.

REVENUE DEVELOPMENT 2018/2019



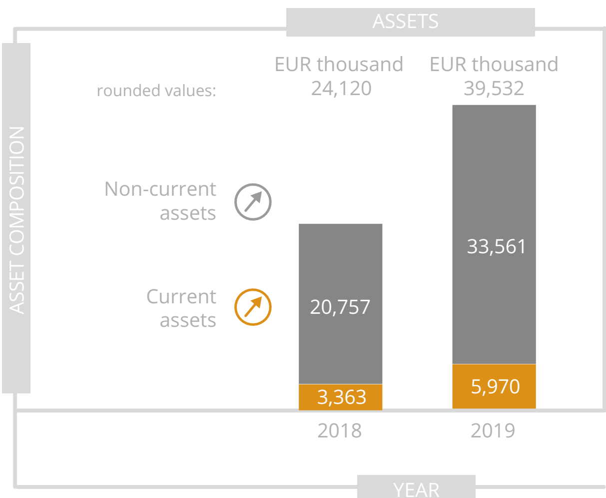
DEVELOPMENT IN EARNINGS AFTER TAXES 2018/2019



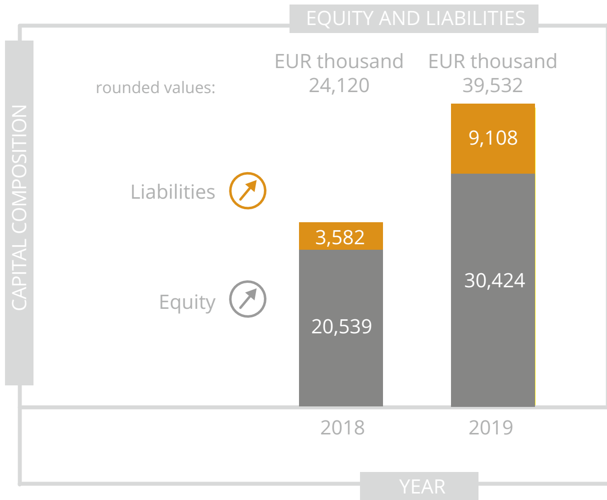
FINANCIAL POSITION

An overview of the origin and use of funds is shown by the statement of cash flows, which has been prepared in accordance with International Financial Reporting Standards (IFRS). The Bitcoin Group still operates without bank or capital market finance. Cash and cash equivalents rose sharply by EUR 2,163 thousand as against the previous year to EUR 4,717 thousand as of December 31, 2019. As futurum bank AG was included in consolidation for the first time in the fiscal year, there was a change in cash from investing activities of EUR 6,219 thousand. The repayment of lease liabilities in fiscal 2019 resulted in a minimal change in cash funds of EUR 15 thousand.

ASSETS



EQUITY



ASSET SITUATION

Total current assets climbed from EUR 3,363 thousand as of December 31, 2018 to EUR 5,970 thousand, essentially as a result of the consolidation of futurum bank AG.

Non-current assets rose significantly from EUR 20,757 thousand to EUR 33,561 thousand. This was as a result of intangible assets (cryptocurrencies), which improved from EUR 13,101 thousand as of December 31, 2018 to EUR 27,506 thousand as of June 30, 2019.

Equity rose by EUR 9,885 thousand to EUR 30,424 thousand in the reporting period as a result of retained earnings (up EUR 2,153 thousand) and other comprehensive income (up EUR 7,732 thousand).

STATEMENT ON THE COVID-19 PANDEMIC

The first months of fiscal 2020 showed that the operations of the Bitcoin Group SE's equity investments are not or only latently affected. It could even be said that Bitcoin Deutschland AG has benefited. futurum bank AG also continued its positive performance in the first few months of fiscal 2020.

An emergency plan for switching to home office was prepared and tested throughout the Group at an early stage. This plan was implemented even before the German government's contact ban in order to protect employees against possible infection, which proved highly effective. To date, the Bitcoin SE Group as a whole has not experienced any COVID-19 infections.

Since March, all parts of the company have been working from home office with communications via video conference.

Our economic success shows that the measures we have taken have had an effect.

FINANCIAL AND NON-FINANCIAL PERFORMANCE INDICATORS

The Bitcoin Group has essentially been controlled to date using the financial key performance indicators of revenue, earnings before interest, taxes, depreciation and amortization (EBITDA) and free cash flow, in addition to the non-financial indicator of new customers.

Bitcoin Group SE thereby ensures that decisions concerning the balancing act between growth, profitability and liquidity are sufficiently taken into account. Revenue is used to measure success on the market. The Group uses EBITDA to measure its own operating performance and the performance of its equity investments. Taking the free cash flow into account ensures that the financial substance of the company is maintained. The free cash flow is the net amount remaining from cash flows from operating activities and cash spent on investments.

The most important non-financial indicator is the development in new customers. Here we monitor the media reporting (public media) on public events such as crypto ETF approvals or Blockchain forks. Furthermore, the Bitcoin Group also conducts proactive public relations work for the company's products and business model, for example with television/ Internet appearances, presentations or reports on the Bitcoin blog (www.bitcoinblog.de). The number of new customer registrations is directly linked and the Managing Directors report to the Board of Directors on this, and the above financial performance indicators, on a monthly basis.

FORECAST, REPORT ON RISKS AND OPPORTUNITIES

FORECAST

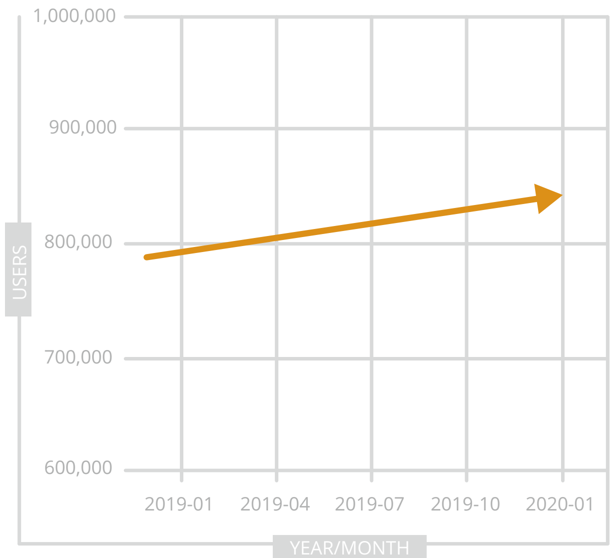
The company is planning to acquire further equity investments in fiscal 2020. This objective is dependent on the opportunities that arise for equity investments and positive due diligence.

Forecast for key performance indicators:

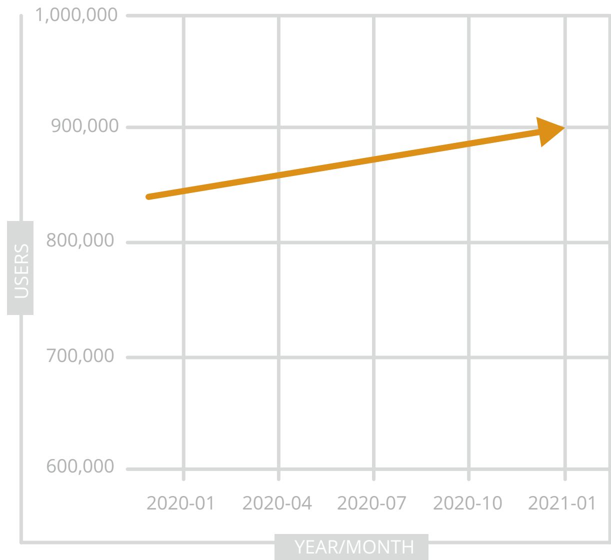
New customers

Given the constant growth, the company expects to amass 900,000 registered users by the end of fiscal 2020. In order to better leverage the potential of the larger customer base, further measures are to be implemented to improve usability and customer experience.

TOTAL USERS 2018/2019 (13 MONTHS)



FORECAST USERS 2019/2020 (13 MONTHS)



Revenue

Forecasts entail considerable difficulty given the current pandemic situation. We expect the result for 2020 as a whole to be somewhere between consistency and a strong increase.

EBITDA

Positive EBITDA is still anticipated. A more precise forecast is not possible on account of the ongoing coronavirus pandemic.

Overall assertion on expected developments

The price of cryptocurrencies and media interest will again define fiscal 2020. We anticipate a stable performance overall and intend to take advantage of the opportunities afforded by this technology. Our goal is and will continue to be to optimally leverage the enormous opportunities made possible by cryptocurrencies for our customers and shareholders.

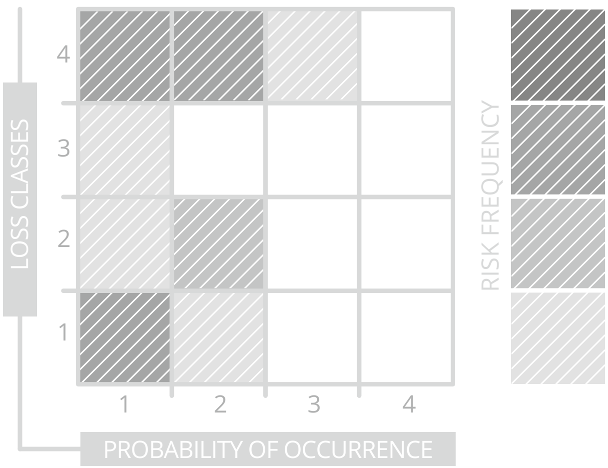
However, we would like to emphasize that this forecast is based on current information, and the COVID-19 pandemic could have a minor to strong impact on it.

REPORT ON RISKS AND OPPORTUNITIES

RISK MANAGEMENT SYSTEM

Efficient risk management is intended to systematically identify risks early on in order to take countermeasures in a timely manner and to manage any risks. Risk management is an integral component of Bitcoin Group SE's value-driven and growth-oriented management. Risk management at Bitcoin Group SE therefore tracks, analyses and monitors the potential risks of all major business transactions and processes. The risk strategy always requires an assessment of the risks of an investment and the associated opportunities. The company's management assesses the individual risks on the basis of their probability of occurrence and potential losses. It also only takes appropriate, manageable and controllable risks if this entails increased enterprise value at the same time. Speculative transactions or other speculative measures such as bonds or investments in conventional foreign currencies, with the exception of investments in established cryptocurrencies, are not permitted. The equity and liquidity situation is monitored on an ongoing basis. The Board of Directors received regular and detailed reports on the financial situation in fiscal 2019. This approach creates optimal transparency and thus forms a solid basis for the assessment of risks and opportunities. The Managing Director and the Board of Directors are therefore able to initiate appropriate measures to maintain a stable financial and liquidity situation for the company immediately.

RISK MATRIX



RISK ASSESSMENT – PROBABILITY OF OCCURRENCE

Class 1	very low	0% to 25%
Class 2	low	25% to 50%
Class 3	medium	50% to 75%
Class 4	high	75% to 100%

RISK ASSESSMENT – LOSS CLASSES

Class 1	50,000 to 100,000	insignificant
Class 2	100,000 to 500,000	low
Class 3	500,000 to 1,000,000	medium
Class 4	More than 1,000,000	severe

RISKS AND OPPORTUNITIES

Bitcoin Group SE and its equity investments are exposed to a number of opportunities and risks, of which the following can be considered material.

RISKS AND OPPORTUNITIES – THE MARKET

- The success of investments is dependent on the general stock exchange environment and economic developments: A deterioration of external conditions can lead to losses from investment activity, or make it more difficult to raise capital, thereby negatively affecting financial position and financial performance (class 2/class 4). By contrast, a positive environment can have an effect not solely due to the value of the individual investment.

- Dependence on industry assessments by capital market participants: The measurement of individual investments can deteriorate, or improve, as a result of changes in industry assessments by market participants (class 2/class 2).

- Capital market volatility: Fluctuations in prices on the capital market, in particular price fluctuations on bitcoin markets, can affect the value of the investments both negatively (class 3/class 4) and positively.

- Currency and exchange rate risk: In the event of investments outside the euro area, currency fluctuations can have a negative (class 1/class 1) or positive effect on the value of equity investments.

- Foreign investments: Investments outside Germany can lead to increased risks owing to a different legal or tax situation that adversely affects financial position and financial performance (class 1/class 1). However, there can also be advantages, particularly in the area of taxation.

- Tougher competition: Risk capital providers, who compete with Bitcoin Group SE, can heighten the competition for equity investments by raising additional capital (class 1/class 1).

- Risks and opportunities resulting from changes in interest rates: Changes in interest rates can affect the measurement of equity investments and make potential borrowings not subject to interest rate agreements more or less expensive (class 1/class 1), thereby leading to changes in the financial position and financial performance of the company.

RISKS AND OPPORTUNITIES – THE COMPANY

- Risks and opportunities resulting from the company's investing activities: The long-term value of investments cannot be guaranteed despite intensive due diligence by the company. Failures can pose a threat to the company's existence (class 1/class 4), while successes can have a positive influence on the company's asset situation.

- Dependence on information: The company is dependent on information provided to it by the seller or by target companies. It cannot be completely ruled out that this information is false or misleading (class 1/class 2).

- Particular risks and opportunities of young companies: The companies targeted by Bitcoin Group SE are in an early phase of their development, which entails a high risk of insolvency and thus a total loss for Bitcoin Group SE (class 2/class 4). On the other hand, start-ups are often valued significantly below their future level, which can have a very positive effect for Bitcoin Group SE in the long term.

- Limited rights in equity investments: Owing to a possible minority interest in target companies, the company will not always be able to protect its interests in these equity investments (class 1/class 1).

- Tax risks: A potential change in tax legislation can have a lasting negative impact on the company's financial position and financial performance. A relevant issue in this context is the BMF letter of February 27, 2018. As a result of this, Bitcoin Deutschland AG would have to remit VAT, plus any interest, for commission received in connection with the brokerage of cryptocurrencies for the years that can still be amended under tax law. Furthermore, future commission for cryptocurrency brokerage would be subject to VAT, with the result that the earnings situation of Bitcoin Deutschland AG for past and future years could deteriorate by up to 19%, leading to a negative impact on the consolidated financial statements of Bitcoin Group SE. We maintain our position that this rule does not apply (see also our ad hoc disclosure of March 1, 2018) and therefore rate the probability of occurrence as low. (class 2/class 4).

- Risks due to a lack of insurance cover: Other than D&O insurance for its executive bodies, the company does not have its own insurance. External events can have a lasting negative impact on financial position and financial performance (class 1/class 4).

- Risks due to loss of cryptocurrencies: External hackers or employees could illegally steal cryptocurrencies entrusted to the subsidiary Bitcoin Deutschland AG by customers, with the result that Bitcoin Deutschland AG would potentially be required to pay damages. This could have a lasting negative impact on financial position and financial performance. However, as more than 98% of cryptocurrencies are held offline, i.e. without an Internet connection, and distributed, i.e. protected against access by individual persons, this company sees this risk as low. The same applies to Bitcoin Deutschland AG's own holdings of cryptocurrencies, which are also 98% offline and distributed. Bitcoin Deutschland AG's own assets are sufficient to cover potential losses of the cryptocurrencies usually available online for payment requests several times over (class 1/class 3).

- Risks and opportunities from credit financing: Bitcoin Group SE intends to carry out the acquisition of equity interests possibly using borrowed funds. The obligations to be entered into in this context could have a materially adverse effect on the company's financial position and financial performance (class 1/class 4). From the perspective of equity capital providers, the current historically low interest rate could allow attractive lending conditions with a positive effect on the return on equity.

- Possibility of the full or partial sale of the interest held by the major shareholder Priority AG: A new major shareholder could control the company or at least obtain a blocking minority. (class 1/class 1).

- Termination of the cooperation agreement with Fidor Bank AG: As Bitcoin Deutschland AG does not yet have its own permit from the German Federal Financial Supervisory Authority (BaFin), it is currently still dependent on its cooperation with Fidor Bank AG, under whose liability umbrella Bitcoin Deutschland AG acts as a broker bound by contract. Following the hypothetical termination of the cooperation agreement, Bitcoin Deutschland AG would have to find a new cooperation partner to provide Bitcoin Deutschland AG with a new liability umbrella. However, the company has mitigated this risk by acquiring a 50% interest in Sineus Financial Services GmbH, which gives it a contractual assurance of cooperation should this become necessary, and by acquiring futurum bank GmbH (class 2/class 1).

- In order to identify risks early on, key risks are systematically identified and analyzed in all areas of the company. There is a monthly reporting system for this that identifies vulnerabilities, continuously analyses changes and, if necessary, initiates suitable measures to minimize risks. (class 2/class 2)

In summary, the opportunities arising from the still young and high-growth environment of crypto technologies exceed the risks.

RISK REPORTING

ON THE USE OF FINANCIAL INSTRUMENTS

The financial instruments used by the company and its equity investments essentially include units of account (cryptocurrencies), receivables, liabilities and bank balances. As for the latter, it is ensured that there is always sufficient liquidity on hand to rule out liquidity risk. The company and its equity investments have a solvent customer base. So far there have been no bad debts thanks to advance payment regulations. Liabilities are paid within the agreed periods. The objective of the company's financial and risk management is to protect the company against financial risks of all kinds. The company employs a conservative risk policy in the management of its financial positions.

In the context of our risk management, we have cryptocurrency holdings in secure custody, allowing us to replace any holdings lost in the event of a possible theft.

The company stores 98% of its bitcoins “cold”, i.e. without access to the Internet, thereby guaranteeing the utmost possible security.

The holdings at our disposal in the event that there is no theft are subject to normal fluctuations in market price.

The company has adequate receivables management to minimize the risks of default.

GROUP ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM

AND RISK MANAGEMENT SYSTEM

Internal controls are an integral part of accounting processes at Bitcoin Group SE. Requirements and procedures have been defined for the financial reporting process. Above all, they relate to:

- reviewing figures
- communication with the press
- protection of business secrets

Compliance with these regulations is intended to prevent material misstatements in the financial statements, the combined management report and the interim reports due to errors or fraud with reasonable assurance.

TAKEOVER LAW DISCLOSURES

IN ACCORDANCE WITH SECTIONS 289(4) AND 315(4) HGB

Composition of issued capital

The issued capital of Bitcoin Group SE amounted to EUR 5,000,000 in total on December 31, 2019 (December 31, 2018: EUR 5,000,000) and was divided into 5,000,000 no-par value shares with a notional share in the issued capital of EUR 1.00 per share. All shares have the same rights and obligations. Each share grants the right to one vote at the Annual General Meeting of the company.

Restrictions relating to voting rights or the transfer of shares

The Board of Directors has no information on any restrictions on the exercise of voting rights or on the transferability of shares beyond the statutory provisions.

Capital holdings exceeding 10% of voting rights

As of December 31, 2019, there were the following direct or indirect holdings in the capital of Bitcoin Group SE exceeding 10% of voting rights: Priority AG, Herford.

Shares with special rights bestowing control

No shares with special rights bestowing control were issued.

Voting right control for interests held by employees

There are no voting right controls for the event that employees hold interests in the capital of the Bitcoin Group.

Appointment and dismissal of members of the Board of Directors and managing directors

Please see the applicable statutory provisions of sections 28, 29 SEAG regarding the appointment and dismissal of members of the Board of Directors. Please see the applicable statutory provisions of section 40 SEAG regarding the appointment and dismissal of managing directors. The Management Board of Bitcoin Deutschland AG does not currently have the authority to issue or buy back shares. There are also no agreements between Bitcoin Group SE and Bitcoin

Deutschland AG subject to the condition of a change of control as a result of a takeover bid, or any resulting compensation agreements.

DECLARATION BY BITCOIN SE'S BOARD OF DIRECTORS

IN ACCORDANCE WITH ARTICLE 9(1) C) II) OF THE SE REGULATION IN CONJUNCTION WITH SECTION 161 AKTG ON THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Directors of a European company (SE) listed in Germany is legally required in accordance with section 22(6) SEAG in conjunction with section 161 AktG to declare once per year whether the officially published recommendations of the Government Commission for the German Corporate Governance Code (GCGC) applicable at the time of the declaration have been and are complied with. Companies are also required to declare which recommendations of the Code have not been or are not applied and why. The full text of the declaration of compliance by the Board of Directors of Bitcoin SE has been made permanently available on the company's website at www.bitcoingroup.com.

REMUNERATION REPORT

The company has chosen not to disclose the individual total remuneration of members of the Board of Directors in accordance with section 285 no. 9a of the Handelsgesetzbuch (HGB – German Commercial Code) and section 314(1) no. 6a HGB.

In accordance with statutory requirements, the remuneration components of the Board of Directors are to be based on the usual amount and structure at comparable companies in Germany and abroad, and on the economic situation and the future development of the company. The remuneration is also intended to take into account the activities and performance of the Board of Directors, and to provide an incentive for commitment and long-term corporate development.

The total remuneration of managing directors consists of fixed annual basic remuneration, additional benefits and variable remuneration. The fixed remuneration consists of a set annual salary not based on performance, which is paid in twelve equal monthly installments. The additional benefits relate to the entitlement to non-cash remuneration in the form of the use of a company car and a tax-free subsidy in accordance with the Einkommensteuergesetz (EStG – German Income Tax Act). The variable remuneration is performance-based and determined by the earnings generated.

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

OVERALL STATEMENT

Overall, the Managing Directors consider the performance over fiscal 2019 and the Group's economic situation to be very positive. futurum bank was fully integrated into the Group in 2019, earnings per share climbed by 39% from EUR 0.31 to EUR 0.43, and the Group's cryptocurrency holdings rose by EUR 14,405 thousand.

DEPENDENT COMPANY REPORT BY THE MANAGING DIRECTORS

The Managing Directors make the following declaration in accordance with section 312(3) AktG: The Managing Directors have produced a dependent company report that conclusively declares: "There were no reportable events in the period under review".

Herford, June 19, 2020

Michael Nowak
Managing Director

Marco Bodewein
Managing Director

03 ANNUAL FINANCIAL STATEMENT

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for fiscal 2019

All figures in EUR	Note	January 1 - 31 December, **2019**	January 1 - 31 December, **2018**
Revenue	5.1	6,297,965.84	11,333,206.94
Other operating income	5.2	88,338.32	14,687.24
Other operating expenses	5.6	-1,468,822.99	-1,630,332.93
Cost of materials	5.3	-902,823.09	-126,431.96
Staff costs	5.4	-1,419,974.47	-934,513.28
EBITDA		**2,594,683.61**	**8,656,616.01**
Depreciation and amortization	5.5	-58,141.93	-27,611.39
Write-downs/reversals of write-downs (cryptocurrencies)	4.1.3	0.00	-6,196,909.08
Reversal of impairment losses	4.1.3	699,006.74	0.00
EBIT		**3,235,548.42**	**2,432,095.54**
Other financial income		44,612.62	6,416.66
Other financial expenses	5.7	-6,259.53	-39.00
Earnings before income taxes		**3,273,901.51**	**2,438,473.20**
Income taxes	5.8	-1,125,617.38	-892,233.00
Income from deferred taxes	5.8	4,830.62	0.00
Net profit		**2,153,114.75**	**1,546,240.20**
Net profit attributable to the owners of the parent company		2,153,114.75	1,546,240.20
Average number of shares (basic)	5.8	5,000,000	5,000,000
Average number of shares (diluted)	5.8	5,000,000	5,000,000
Earnings per share (basic)	5.8	0.43	0.31
Earnings per share (diluted)	5.8	0.43	0.31
Other comprehensive income			
Net profit		**2,153,114.75**	**1,546,240.20**
Items not reclassified to profit or loss: Income or expenses from the remeasurement of intangible assets (cryptocurrencies)	4.1.3	11,266,507.73	-27,424,951.02
Income or expenses from the remeasurement of non-current financial assets		-221,381.40	0.00
Income taxes on other comprehensive income: Income taxes in connection with the remeasurement of intangible assets (cryptocurrencies)	4.1.5	-3,379,952.33	8,227,485.31
Income taxes in connection with the remeasurement of non-current financial assets	4.1.5	66,414.42	0.00
Other comprehensive income after taxes		**7,731,588.42**	**-19,197,465.71**
Total comprehensive income		**9,884,703.17**	**-17,651,225.51**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for fiscal 2019

	Issued capital	Capital reserves	Other comprehensive income	Profit/loss carried forward	Equity
		EUR	EUR	EUR	EUR
As of December 31, 2017	**5,000,000**	**5,000,000.00**	**25,685,567.57**	**7,504,483.90**	**38,190,051.47**
Profit or loss	0	0.00	0.00	1,546,240.20	1,546,240.20
Other comprehensive income	0	0.00	-19,197,465.71	0.00	-19,197,465.71
As of December 31, 2018	**5,000,000**	**5,000,000.00**	**6,488,101.86**	**9,050,724.10**	**20,538,825.96**
Profit or loss	0	0.00	0.00	2,153,114.75	2,153,114.75
Other comprehensive income	0	0.00	7,731,588.42	0.00	7,731,588.42
As of December 31, 2019	**5,000,000**	**5,000,000.00**	**14,219,690.28**	**11,203,838.85**	**30,423,529.13**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

for fiscal 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ASSETS

All figures in EUR		December 31, **2019**	December 31, **2018**
	Note	EUR	EUR
Property, plant and equipment	4.1.1	117,518.00	39,013.00
Goodwill	4.1.2	3,882,225.95	3,882,225.95
Intangible assets (other)	4.1.3	846,423.77	59,331.57
Intangible assets (cryptocurrencies)	4.1.3	27,506,405.24	13,100,979.91
Right-of-use assets	4.1.4	602,342.34	0.00
Deferred tax assets	4.1.5	71,245.04	0.00
Other non-current financial assets	4.1.6	535,235.82	3,675,828.66
Total non-current assets		**33,561,396.16**	**20,757,379.09**
Trade receivables from third parties	4.2.1	934,625.80	2,149.00
Other financial assets (receivables from related parties)	4.2.2	29,987.90	137,110.94
Other current financial assets	4.2.3	31,642.36	0.00
Other non-financial assets	4.2.4	59,199.14	10,621.33
Income tax assets	4.2.6	197,812.50	659,375.00
Cash and cash equivalents	4.2.5	4,717,010.80	2,553,706.10
Total current assets		**5,970,278.50**	**3,362,962.37**
Total assets		**39,531,674.66**	**24,120,341.46**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
EQUITY AND LIABILITIES

All figures in EUR		December 31, **2019**	December 31, **2018**
	Note	EUR	EUR
Issued capital	4.3	5,000,000.00	5,000,000.00
Cumulative retained earnings		11,203,838.85	9,050,724.10
Other comprehensive income		14,219,690.28	6,488,101.86
Total equity		**30,423,529.13**	**20,538,825.96**
Non-current leasing liabilities		537,044.45	0.00
Deferred tax liabilities	4.4.6	6,395,027.07	2,780,615.08
Total non-current liabilities		**6,932,071.52**	**2,780,615.08**
Trade payables to third parties	4.4.1	720,983.50	87,950.36
Other financial liabilities (liabilities to related parties)	4.4.2	767.55	37,733.42
Current leasing liabilities		60,960.97	0.00
Other current financial liabilities	4.4.3	199,740.96	0.00
Other non-financial liabilities	4.4.4	412,011.23	443,667.64
Income tax liabilities	4.4.5	781,609.80	231,549.00
Total current liabilities		**2,176,074.01**	**800,900.42**
Total equity and liabilities		**39,531,674.66**	**24,120,341.46**

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED STATEMENT OF CASH FLOWS

for fiscal 2019

All figures in EUR
Cash flows from operating activities
EBIT
Restatements:
Depreciation and amortization expense on non-current assets
Non-cash additions/disposals of intangible assets (cryptocurrencies)
Other non-cash expenses
Changes:
Increase/decrease in trade receivables from third parties
Increase/decrease in receivables from related parties
Increase/decrease in other assets not attributable to investing or financing activities
Increase/decrease in trade payables to third parties
Increase/decrease in liabilities to related parties
Other liabilities not attributable to investing or financing activities
Cash flows from operating activities:
Interest paid on leasing liabilities
Interest paid
Interest received
Income tax expense
Cash flows from operating activities
Cash flows from financing activities
Payments for investments in property, plant and equipment
Payments for investments in intangible assets
Payments for investments in financial assets
Payments from additions to the consolidated group
Cash flows from financing activities
Cash flows from financing activities
Repayment of leasing liabilities
Cash flows from financing activities
Net increase/decrease in cash and cash equivalents
Cash and cash equivalents at the beginning of the period
Cash and cash equivalents at the end of the period

Note	January 1 - 31 December, **2019**	January 1 - 31 December, **2018**
	3,235,548.42	**2,432,095.54**
4.1.1-4	58,141.93	27,611.39
	-3,138,917.60	956,686.48
	5,738.65	0.00
4.2.1	-892,255.22	67,442.20
4.2.2	107,123.04	-34,909.04
4.2.3 -4	-7,107.64	-642,958.98
4.4.1	329,303.47	-85,625.44
4.4.2	-36,965.87	37,733.42
4.4.3 -4	100,713.27	-2,977,573.13
	-2,278.62	0.00
	-3,980.91	-39.00
	2,904.03	6,416.66
	-112,995.02	-892,233.00
	-355,028.07	**-1,105,352.90**
4.1.1	-93,133.93	-10,665.39
	-21,515.43	0.00
4.1.2	-332,243.04	-3,675,828.66
	2,979,749.55	0.00
	2,532,857.15	**-3,686,494.05**
	-14,524.38	0.00
	-14,524.38	**0.00**
	2,163,304.70	**-4,791,846.95**
	2,553,706.10	7,345,553.05
	4,717,010.80	**2,553,706.10**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. BITCOIN GROUP SE

1.1 GENERAL INFORMATION

Bitcoin Group SE, Herford, is a capital investment and consulting company with a focus on Bitcoin and blockchain business models. Bitcoin Group SE assists its portfolio companies in tapping growth potential with management services and capital, in order to launch these companies on the capital markets in the medium term. Bitcoin Group SE is planning further equity investments, including through asset deals and capital increases. Bitcoin Group SE's objective is to increase the enterprise value and profitability of its equity investments. Bitcoin Group SE wholly owns Bitcoin Deutschland AG, Herford. Since 2011, Bitcoin Deutschland AG has been operating www.bitcoin.de, a major marketplace for the digital currency bitcoin and other cryptocurrencies. There is also a 50% equity investment in Sineus Financial Services GmbH and a 100% equity investment in futurum bank AG, a securities trading bank based in Frankfurt. The parent company of the Bitcoin Group SE Group is domiciled at Nordstrasse 14, 32051 Herford (Germany) and is entered in Commercial Register B of the Bad Oeynhausen Local Court under HRB 14745. Its stock exchange is Düsseldorf; its ISIN is DE000A1TNV91. The majority of shares in Bitcoin Group SE are held by Priority AG, Herford. There is no control agreement.

The consolidated financial statements are prepared in the currency euro (EUR), which is also the functional and the reporting currency. Unless stated otherwise, amounts are shown in the financial statements in euro. For arithmetical reasons, rounded figures shown in tables and references in the text can differ from the exact mathematical values (monetary units, percentages, etc.).

The fiscal year of the Group is the calendar year.

1.2 GROUP INFORMATION

The consolidated financial statements include the subsidiaries whose financial and operating policies Bitcoin Group SE can direct. This is usually the case given a shareholding of more than 50%, as shares are equal to voting rights. If contractual provisions stipulate that a company can be controlled despite a shareholding of less than 50%, this company is included in the consolidated financial statements as a subsidiary. If contractual provisions stipulate that a company cannot be controlled despite a shareholding of more than 50%, this company is not included in the consolidated financial statements as a subsidiary. The acquisition date is the date on which the acquirer obtains control of the acquired company or business.

As the parent company, Bitcoin Group SE held 100% of shares in Bitcoin Deutschland AG, Herford, as of December 31, 2019 and December 31, 2018. The company is consolidated. Based on the annual financial statements prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) as of December 31, 2019, the company's equity amounts to EUR 9,836 thousand and its subscribed capital to EUR 50 thousand, while the net profit for fiscal 2019 amounts to EUR 2,517 thousand.

Bitcoin Group SE (Bitcoin) acquired 100% of shares in futurum Bank GmbH (formerly: Tremmel Wertpapierhandelsbank GmbH) ("futurum") on November 12, 2018. BaFin finally approved the acquisition on July 10, 2019. Based on the annual financial statements prepared in accordance with the Handelsgesetzbuch (HGB – German Commercial Code) as of December 31, 2019, the company's equity amounts to EUR 3,028 thousand and its subscribed capital to EUR 1,500 thousand, while the net profit for fiscal 2019 amounts to EUR -77 thousand. Further information can be found under note 1.3 Changes in the consolidated group.

Bitcoin Group SE acquired 50% of shares in Sineus Financial Services GmbH ("Sineus") for a purchase price of EUR 157 thousand on January 15, 2018. Contractual provisions stipulate that Bitcoin Group SE has no significant influence and no power over Sineus Financial Services GmbH, hence it is not included in consolidation (IFRS 10) and there is no joint arrangement (IFRS 11) as there is no control. Sineus was acquired for strategic reasons and to boost the Group's effectiveness over the long term.

1.3 CHANGES IN THE CONSOLIDATED GROUP

Bitcoin Group SE completed its acquisition of 100% of shares in futurum bank AG, Frankfurt/Main, on July 10, 2019. futurum was included in consolidation for the first time as of this date. futurum bank AG's business activities include trading in shares, bonds and other stock exchange products. Its customers are German and international banks, insurance companies, asset managers and fund companies. The Capital Markets division was introduced alongside the Trading division in 2019. In the Capital Markets division, futurum bank AG provides services for listed customers, and those planning to become listed, on all capital market issues, such as IPOs, IBOs and other corporate actions, with a focus on the structuring and technical settlement of such corporate actions. futurum bank AG is currently licensed by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin – German Federal Financial Supervisory Authority; Marie-Curie-Strasse 24-28, 60439 Frankfurt/Main, www.bafin.de) to perform financial services, and is subject to its oversight. EUR 1,306 thousand was paid using funds from cash and cash equivalents. A convertible subordinated loan was agreed for EUR 2,206 thousand and was converted into equity as of November 14, 2019. The net assets acquired have a fair value of EUR 4,420 thousand.

The fair value of the receivables acquired, based on a gross receivable amount of EUR 3,280 thousand, is EUR 3,280 thousand as of the acquisition date. Accordingly, the best possible estimate for contractual cash flows not expected to be collectible is EUR 0 thousand as of the acquisition date.

The consolidated financial statements for fiscal 2019 include revenue of EUR 1,562 thousand and earnings after taxes of EUR 69 thousand from the acquired company. If the companies had already been acquired as of January 1, 2019, they would have contributed revenue of EUR 1,927 thousand and earnings after taxes of EUR -23 thousand to the Group in fiscal 2019.

1.4 BASIS OF CONSOLIDATION

In the event of a business combination, acquisition accounting is performed by offsetting the acquisition cost against the Group's share in the remeasured equity of the consolidated subsidiaries as of the time of the acquisition of the shares in accordance with IFRS 3. The reportable assets, liabilities and contingent liabilities of subsidiaries are carried at their full fair value regardless of the amount of the non-controlling interest. For each acquisition, there is an option that can be exercised separately as to whether non-controlling interests are measured at fair value or at the amount of the pro rata net assets. Incidental costs of acquisition are expensed. Positive differences arising on first-time consolidation are recognized as goodwill. In accordance with IFRS 3/IAS 36, this goodwill is tested for impairment annually or when there is a trigger event. The residual carrying amounts of positive differences are taken into account in calculating the result of disposal on deconsolidation.

Changes in the shareholding that do not lead to a loss of control are treated as transactions between shareholders in equity. These transactions do not lead to any recognition of goodwill or the realization of gains on disposal. In the event of sales of shares that lead to a loss of control, the remaining shares are remeasured at fair value through profit and loss and the cumulative other comprehensive income relating to the equity investment recognized in equity in the income statement is recognized in retained earnings, if these are actuarial gains/losses.

Losses attributable to non-controlling interests are allocated to them in full, even if this results in a negative carrying amount.

If an enterprise acquired does not constitute a business as defined by IFRS 3, the transaction is recognized as an acquisition of assets and assumption of liabilities at cost, without taking goodwill into account.

Intragroup balances and transactions between consolidated companies, including income, expenses and dividends resulting from them, are eliminated in full. After being checked again, any negative goodwill is recognized immediately in profit or loss.

2. APPLICATION OF INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

2.1 GENERAL ACCOUNTING PRINCIPLES

ACCOUNTING PRINCIPLES

These consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) of the International Accounting Standards Board (IASB) as adopted by the European Union. They take into account all accounting standards and interpretations effective in the EU.

Accordingly, these IFRS consolidated financial statements are based on the IASB accounting standards endorsed for the EU in accordance with Regulation (EC) No 1606/2002 in conjunction with section 315e(1) HGB (consolidated financial statements according to international accounting standards) by the EU Commission in the context of the endorsement process. New IFRSs and amendments to IFRSs released by the IASB become effective following a corresponding resolution by the EU Commission in the context of the endorsement process.

The Director of Bitcoin Group SE approved the consolidated financial statements and the Group management report on June 30, 2020.

To improve clarity, various items in the statement of financial position and the statement of comprehensive income were combined. This is presented in detail in the notes.

In accordance with IAS 1, the statement of financial position is divided into current and non-current items.

The statement of comprehensive income was prepared in line with the nature of expense method.

2.2 APPLIED ACCOUNTING POLICIES

The key accounting policies applied in the preparation of these consolidated financial statements are presented below. Unless stated otherwise, these principles were applied uniformly to all fiscal years presented.

When preparing the consolidated financial statements, management is required to make estimates and assumptions that influence the reported amount of assets, liabilities, revenue and expenses, as well as the disclosure of contingent assets and contingent liabilities. In addition, management is also required to apply the accounting principles according to its own judgment. Although these estimates and assumptions are based on the best possible knowledge of events and measures, the results can differ from these estimates.

The application of the valid IFRS regulations does not lead to a misleading view of the company's situation.

The consolidated financial statements have been prepared in accordance with the historical cost principle. The historical cost is based on the respective value of the consideration given for assets. This is based on the fair value of the consideration.

The fair value is the price that would be paid on the measurement date for the sale of an asset or for the transfer of a liability in a transaction between market participants under normal market conditions, regardless of whether the price is directly observable or is estimated using other measurement methods.

When estimating the fair value of an asset or liability, the company takes into account the characteristics of the asset or liability to the extent that market participants would also consider these characteristics when determining the fair value of the asset or the liability on the measurement date. Fair value is calculated on this basis for the purpose of measurement or inclusion in the financial statements; an exception to this is share-based payment transactions in accordance with IFRS 2 and items measured at net realizable value in accordance with IAS 2 or value in use in accordance with IAS 36, whereby these values are similar to but not the same as fair value. The measurement of fair value for financial reporting purposes in accordance with IFRS 13 is divided into level 1, level 2 and level 3, depending on the observability of the input used in the measurement of the respective fair value and the significance of these inputs to the measurement of fair value as a whole. This measurement hierarchy is described as follows:

- Level 1 inputs include quoted (unadjusted) prices on active markets for identical assets or liabilities to which the company has access on the measurement date.

- Level 2 inputs include information sources other than quoted prices covered by level 1 that are either directly or indirectly observable for the asset or liability.

- Level 3 inputs include unobservable inputs relating to the asset or liability.

2.3 NEW IASB ACCOUNTING STANDARDS

The new standards and their application in these IFRS consolidated financial statements of the company are explained below to increase the clarity for users of these financial statements.

Unless stated otherwise, the standards and interpretations – or the amendments to existing standards – are effective or reporting periods beginning on or after the date of first-time adoption. No standards or interpretations were adopted early.

2.3.1 NEW STANDARDS AND INTERPRETATIONS EFFECTIVE FOR THE FIRST TIME

The following new standards, interpretations and amendments to IFRSs were effective for the first time for the reporting period 2019.

- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (effective date: January 1, 2019)
- Amendments to IAS 28 “Investments in Associates and Joint Ventures”: Long-term Interests (effective date: January 1, 2019)
- Amendments to IFRS 9: “Financial Instruments” – Prepayment Features with Negative Compensation (effective date: January 1, 2019)
- Various amendments: IASB Annual Improvement Project, 2015 to 2017 (effective date: January 1, 2019)
- IFRS 16 “Leases” (effective date: January 1, 2019)
- IFRIC 23 “Uncertainty over income tax treatments” (effective date: January 1, 2019)
- IFRS 11 “Joint Arrangements” (effective date: January 1, 2019)
- IAS 12 “Income Taxes” (effective date: January 1, 2019)
- IAS 23 “Borrowing Costs” (effective date: January 1, 2019)

The new standards and interpretations effective for the first time have no material impact on the consolidated financial statements.

2.3.2 FUTURE STANDARDS AND INTERPRETATIONS EFFECTIVE FOR THE FIRST TIME

The following new and amended standards and interpretations have already been adopted by the IASB but are not yet effective or have not yet been endorsed in European law. The company has not applied these provisions early.

New standards		Effective for financial years beginning on or after this date:	Status of EU endorsement (as of: Date of preparation)
Amendments to IFRS 3	Definition of a Business	01.01.2020	Endorsed
Amendments to IAS 1 and IAS 8	Definition of Material	01.01.2020	Endorsed
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate benchmark Reform (Phase 1)	01.01.2020	Endorsed
	Conceptual Framework for Financial Reporting	01.01.2020	No endorsement
Individual standards	Amendments to References to the Conceptual Framework in IFRS Standards	01.01.2020	Endorsed
IFRS 17	Insurance Contracts	01.01.2023	Pending
Amendments to IAS 1	Classification of liabilities as current or non-current	01.01.2022	Pending
Amendments to IFRS 10 and IAS 28	Contribution of Assets between an Investor and its Associate or Joint Venture	Date of initial adoption postponed indefinitely	Pending

Amendments to IFRS 3 “Business Combinations”: Definition of a Business

The IASB published amendments to IFRS 3 relating to the “Definition of a Business” on October 22, 2018. The amendments aims to better clarify whether a business or a group of assets was acquired. The amendments add disclosures in the notes and supplement the application guidance and examples that clarify the three elements of a business.

The amendments are effective for reporting periods from January 1, 2020. They were endorsed in EU law on April 21, 2020.

The Managing Directors do not expect the amendments to have any material impact on the consolidated financial statements.

Amendments to IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors": Definition of Material

The IASB published amendments relating to the definition of materiality for financial information on October 31, 2018. The amendments relate to the standards IAS 1 "Presentation of Financial Statements" and IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". Together with the additional application guidance, the amendments are intended to make it easier for preparers of IFRS financial statements to assess materiality. The changes also ensure a uniform definition of materiality across all IFRSs.

The amendments are effective for reporting periods from January 1, 2020. They were endorsed in EU law on November 29, 2019.

The Managing Directors do not expect the amendments to have any material impact on the consolidated financial statements.

Amendments to IFRS 9 "Financial Instruments: Recognition and Measurement", IAS 39 "Financial Instruments: Recognition and Measurement" and IFRS 7 "Financial Instruments: Disclosures": Interest Rate Benchmark Reform (Phase 1)

The IASB published amendments to IFRS 9, IAS 39 and IFRS 7 on September 26, 2019. The IASB is responding to the uncertainty regarding the IBOR reform. The amendments concern hedges in accordance with IFRS, and specifically prospective effectiveness testing for hedges, the adjustment of the "highly probable" criterion in relation to cash flow hedges and the IBOR risk component.

The amendments are effective for reporting periods from January 1, 2020. They were endorsed in EU law on January 15, 2020.

The Managing Directors do not expect the amendments to have any material impact on the consolidated financial statements.

Revision of the Conceptual Framework and amendments to references to the Conceptual Framework in various IFRS standards

The IASB published its revised Conceptual Framework for Financial Reporting on March 29, 2018. This includes revised definitions of an asset and a liability, in addition to new guidance on measurement and derecognition, presentation and disclosure. However, the new Conceptual Framework is not a fundamental revision. Rather, it extends to areas that were previously unregulated or that had notable deficits. The IASB has also updated various references to the Conceptual Framework in individual IFRS standards.

The Conceptual Framework itself is not subject to endorsement. The updated cross-referencing in the individual Standards is effective from January 1, 2020. They were endorsed in EU law on November 29, 2019.

The Managing Directors do not expect the amendments to have any material impact on the consolidated financial statements.

IFRS 17 "Insurance Contracts"

IFRS 17 was issued on May 18, 2017. The new standard aims to ensure that consistent, principles-based accounting for insurance contracts and requires that insurance liabilities are measured at their current settlement value. This ensures the more uniform measurement and presentation of all insurance contracts.

In order to incorporate outstanding amendments, the IASB resolved on March 18, 2020 to postpone the effective date from January 1, 2021 to January 1, 2023. The date of EU endorsement is still uncertain.

The Managing Directors do not expect the amendments to have any material impact on future consolidated financial statements.

Classification of liabilities as current or non-current, amendments to IAS 1

The IASB published "Classification of Liabilities as Current or Non-current" with amendments to IAS 1 on January 23, 2020. The amendments are intended to clarify the classification of liabilities of liabilities as current or non-current.

According to the resolution by the IASB of April 17, 2020, the effective date of the amendments is to be postponed from January 1, 2022 to January 1, 2023; a corresponding Exposure Draft is expected for May 2020. Endorsement by the EU is pending.

The Managing Directors do not expect the amendments to have any material impact on future consolidated financial statements.

Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"

The amendments address a conflict between the requirements of IAS 28 "Interests in Associates and Joint Ventures" and IFRS 10 "Consolidated Financial Statements". They clarify that, for transactions with an associate or joint venture, the extent of gains or losses recognized depends on whether or not the sold or contributed assets constitute a business in accordance with IFRS 3. The IASB has since postponed the date of initial adoption indefinitely.

The Managing Directors do not expect the amendments to have any material impact on the consolidated financial statements.

2.4 SIGNIFICANT JUDGMENTS AND ESTIMATE UNCERTAINTY

In preparing the consolidated financial statements, assumptions have been made and estimates used that have affected the reporting and amount of the recognized assets, liabilities, income and expenses. In individual cases, actual values can deviate from assumptions and estimates at a later date. Corresponding changes would be recognized in profit or loss when better information becomes available. All assumptions and estimates are made to the best of knowledge and belief to provide a true and fair view of the financial position and financial performance of the Group.

3. ACCOUNTING POLICIES

The interim consolidated financial statements are based on the same uniform accounting policies as in the preceding fiscal years.

3.1 CURRENCY TRANSLATION

Transactions in foreign currencies are translated according to the functional currency concept in accordance with IAS 21 at the rates at the time of the initial posting of transactions. Exchange rate gains or losses are recognized in profit or loss.

3.2 INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

Intangible assets include purchased software and cryptocurrencies.

Purchased intangible assets are carried at cost less straight-line amortization given a standard useful life or according to use assuming a standard useful life. They are capitalized only if it is sufficiently likely that the economic benefits will flow to the company and the cost of the asset can be reliably determined.

The following criteria are mainly considered when estimating the useful life:

- expected use of the asset in the company;
- publicly available information on the estimated useful life of comparable assets;
- technical, technological and other forms of obsolescence.

The amortization period for purchased software is three years.

Purchased domains, banking licenses and cryptocurrencies have indefinite useful lives. These intangible assets with indefinite useful lives are subject to at least one impairment test per year in accordance with the requirements of AS 36 and the indefinite nature of the useful life must be reviewed at least once per year.

Property, plant and equipment are measured at cost less straight-line depreciation and impairment. Property, plant and equipment are depreciated using the straight-line method over their useful life. The depreciation period is based on the expected useful life. The Group recognizes depreciation based on the following useful lives that are unchanged compared to the previous year:

Other equipment	**Useful life in years**
Operating and office equipment	2 - 20

The residual carrying amounts and useful lives are reviewed at the end of each reporting period and adjusted as necessary.

3.3 GOODWILL

Goodwill is initially measured at cost, and is the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed by the Group.

Goodwill is tested for impairment on the basis of cash-generating units in accordance with IAS 36 once per year, or more frequently if there are indications of impairment. This is done by comparing the recoverable amount and the carrying amount for the cash-generating unit. Impairment is recognized if the carrying amount is higher than the recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and the value in use. The basis for calculating the value in use is the current cash flow planning prepared by management and the assumption of perpetual annuity for the years after the detailed planning period. Detailed planning of future cash flows based on cash flow before interest and taxes less maintenance and replacement investments is prepared for a time horizon of three years. The cash flows calculated are discounted to determine the value in use of the cash-generating unit. The value in use is compared against the associated carrying amount. If this is less than the carrying amount of the cash-generating unit, goodwill impairment is recognized in profit or loss.

3.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents recognized in the statement of financial position comprise cash in hand and bank balances with an original term of less than three months. For the purposes of the statement of cash flows, cash includes the cash and cash equivalents as defined above and short-term deposits. They are measured at amortized cost.

3.5 FINANCIAL INSTRUMENTS

Classification

Financial assets are divided into the following categories:

- loans and receivables extended by the company;
- derivatives;
- investment securities.

On recognition, financial assets as defined by IFRS 9 are classified as either:

- financial assets at amortized cost;
- financial assets at fair value through other comprehensive income (FVOCI);
- financial assets at fair value through profit or loss (FVTPL).

In accordance with IAS 32, financial assets must first be classified as equity or debt instruments. If it is a debt instrument, its classification is then dependent on:

- the business model for managing the financial asset; and
- the contractual cash flows.

A debt instrument is measured at amortized cost if both of the following conditions are met and it was not designated as FVTPL:

- It is held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is designated as FVOCI if both of the following conditions are met and it was not designated as FVTPL:

- It is held as part of a business model whose objective is to hold financial assets in order to collect contractual cash flows and to sell financial assets
- Its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

As in the previous year, no debt instruments were classified as FVOCI in the fiscal year.

According to the classification criteria of IFRS 9, the classification of debt instruments as at fair value through profit or loss is required when the following conditions apply:

- the cash flow criterion is not satisfied;
- the financial asset is held for the purpose of trading;
- the option to recognize changes in fair value in profit or loss (FVTPL option) is exercised in line with the requirements of IFRS 9.

Debt instruments can be reclassified only if there is a change in the business model for managing financial assets.

When recognizing an equity investment that is not held for trading for the first time, the Group can irrevocably elect to show subsequent amendments in the fair value of the investment in other comprehensive income. This choice is made on a case-by-case basis for each investment. All financial assets not measured at amortized cost or FVOCI are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group can irrevocably decide to designate financial assets that otherwise satisfy the conditions for measurement at amortized cost or FVOCI as FVTPL if this eliminates or significantly reduces accounting mismatches that would otherwise occur.

On recognition, financial liabilities as defined by IFRS 9 are classified as either:

- financial liabilities at amortized cost;
- financial liabilities at fair value through other comprehensive income (FVOCI);
- financial liabilities at fair value through profit or loss (FVTPL).

Recognition, measurement and derecognition

Financial assets are measured at fair value on first-time recognition. Items not measured at FVTPL also include transaction costs that are directly attributable to their acquisition or issue. Financial assets are not reclassified after initial recognition unless the Group amends its business model for managing financial assets. In such event, all affected financial assets are reclassified on the first day of the reporting period after the change in business model.

Purchases and sales of financial assets are recognized as of the settlement date, i.e. the date on which the company commits to purchasing or selling the asset. The subsequent measurement of financial assets and liabilities and the treatment of their gains and losses are described below:

- Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method. Amortized cost is reduced by impairment losses. Interest income, exchange rate gains or losses and impairment losses are recognized in the income statement. Gains and losses on derecognition are recognized in profit or loss.

- Financial assets measured at FVOCI and equity instruments are subsequently measured at fair value. Dividends are recognized as income in profit or loss, unless the dividends clearly cover part of the costs. Other net gains and losses are recognized in other comprehensive income and never reclassified to the income statement.

- Financial assets that are held for trading and therefore measured at fair value through profit or loss are subsequently measured at this value. Gains or losses arising from changes in fair value, including any interest or dividend income, are recognized in profit or loss in the period in which they arise.

- Financial liabilities at amortized cost are subsequently measured at amortized cost using the effective interest method. Interest income, exchange rate gains or losses and impairment losses are recognized in the income statement. Gains and losses on derecognition are recognized in profit or loss.

Financial assets are derecognized when the contractual rights to cash flows from them expire or if the company transfers the ownership rights to the financial asset and the risks and rewards.

Impairment
Financial assets are subject to the impairment model of IFRS 9.5.5, whereby the Group recognizes an impairment loss for these assets on the basis of the expected credit loss. Expected credit losses result from the difference between contractually agreed cash flows and expected cash flows, measured at present value using the original effective interest rate. Where applicable, expected cash flows also include revenue from the sale of collateral and other credit enhancements that are integral to the contract in question.

Expected credit losses are recognized in three stages. For financial assets for which the default risk has not increased significantly since initial recognition, the impairment loss is measured at the amount of the 12-month expected credit loss (stage 1). If the default risk has increased significantly, the expected credit loss is calculated for the remaining term of the asset (stage 2). The Group assumes that the credit risk has increased significantly if payment is 30 days past due. This principle can be overruled in an individual case if reliable and reasonable information indicates that the credit risk has not increased. If there is objective evidence of impairment, the underlying assets are allocated to stage 3. Objective evidence of impairment is assumed if payment is more than 90 days past due unless, in an individual case, reliable and reasonable information indicates that a longer period is more suitable. Refusal to pay and other similar circumstances are also considered objective evidence.

The class of assets relevant to the Group for applying the impairment model are trade receivables, to which the Group applies the simplified approach in accordance with IFRS 9.5.15. The loss allowance is then measured at an amount equal to lifetime expected credit losses.

For financial assets measured as debt instruments at fair value through other comprehensive income, the Group considers all suitable and reliable information available without incurring undue costs or requiring an unreasonable amount of time in order to assess a potential significant increase in expected credit risk. The related probability of default is essentially used for this. Rating information is used to determine the probability of default. The Group only holds instruments with a very low default risk.

For other assets covered by the amended impairment model under IFRS 9 and subject to the general approach, expected losses are measured by combining financial assets on the basis of joint credit risk characteristics and using individual default information. The calculation is always based on the current probabilities of default as of the respective date.

The Group assumes default if contractual payments are more than 90 days past due. In some cases, internal or external information is also used that indicates contractual payments will not be made in full. Financial assets are derecognized if there is no reasonable expectation of future payment.

The Group had no derivative financial instruments in either the reporting year or the previous year.

3.6 EQUITY

Please see the statement of changes in equity and the notes to the statement of financial position for information on the composition and development of equity. Please see note 4.3 for further information.

3.7 LIABILITIES

The company measures financial liabilities such as trade payables, other liabilities and other current liabilities (not including deferred items or tax liabilities) at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and the recognition of interest expense over the corresponding period. The effective interest rate is the rate with which the estimated future cash outflows (including fees paid or received as components of the effective interest rate, transaction costs and other premiums or discounts) are discounted to net carrying amount over the likely term of the financial liability on first-time recognition. Interest expense is recognized on the basis of the effective interest rate.

The company derecognizes financial liabilities when its obligations from the liability are met, canceled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid or outstanding is reported in the income statement.

3.8 PROVISIONS

Provisions are recognized in accordance with IAS 37 regulations when the company has present (legal or constructive) obligations arising from past events that are expected (i.e. more likely than not) to result in an outflow of economic resources. It must also be possible to estimate the amount of the obligation reliably. The provision is recognized at the best estimate of the amount of the present obligation as of the end of the reporting period. If the effect of the time value of money is material, the provision is discounted using the market interest rate. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The notes contain disclosures on contingent liabilities resulting from a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the company's control. Contingent liabilities can result from a present obligation that arises from past events but are not recognized because:

- it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- the amount of the obligation cannot be measured with sufficient reliability.

3.9 REVENUE RECOGNITION

The Group primarily operates a marketplace for cryptocurrencies. It offers market participants a marketplace where they can trade these cryptocurrencies with each other. The Group acts as an agent between market participants and charges commission for the transactions they perform, typically between 0.8% and 1.0% of the respective ransaction volume.

Furthermore, since the acquisition of futurum bank AG, there is also income from securities trading and revenue from the performance of services for customers in connection with financial products.

Revenue from contracts with customers is recognized in accordance with IFRS 15. Revenue is measured at the fair value of the consideration received or yet to be received for services by Group companies in the normal course of business.

Revenue is reported without VAT, discounts or price reductions. Revenue and other operating income are recognized after service is rendered by the company. In order to recognize revenue, it must be possible to reliably determine its amount and it must be probable that the economic benefits associated with the transaction will flow to the company.

Depending on the economic substance of the underlying contracts, revenue from commission is recognized for a certain point in time or over a period of time. Revenue from commission is recognized over a period of time on the basis of the time elapsed or contractually agreed milestones.

Income from securities trading (including gains from the measurement of assets held for trading at fair value) is recognized in accordance with the regulations of IFRS 9 for financial instruments.

3.10 LEASES

All leases and subleases not disqualified by IFRS 16.3 et seq. must be classified. If an arrangement is classified as a lease, in accordance with IFRS 16.22 et seq. a right-of-use asset is recognized at cost under non-current assets and a lease liability is recognized at the present value of future lease payments under non-current liabilities. The present value of the lease liabilities is calculated by discounting the lease payments using the underlying interest rate. If the underlying interest rate for the lease cannot be determined, the lessee’s incremental borrowing rate is used. Lease payments also include the exercise price of a purchase option, if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease. Right-of-use assets are subsequently measured using the cost model, i.e. less any accumulated depreciation and any accumulated impairment losses, and adjusted for any remeasurement of the lease liability. In accordance with IFRS 16.36, lease liabilities are increased to reflect interest on the lease liability and reduced to reflect the lease payments made. Changes to lease payments result in the remeasurement of the lease liability. In accordance with the exemptions under IFRS 16.5 et seq., short-term leases and leases for which the underlying asset is of low value are not recognized as such, and are instead expensed on a straight-line basis.

3.11 INCOME TAXES AND DEFERRED TAXES

Income taxes are calculated in accordance with IAS 12. All tax liabilities and receivables in relation to income taxes arising in the course of the fiscal year are therefore included in the consolidated financial statements. Current tax assets and tax liabilities for the current and earlier periods are measured at the amount expected to be refunded by/paid to the tax authorities. The calculation of this amount is based on the tax rates and tax laws in effect at the end of the reporting period.

Deferred taxes are recognized on the basis of the asset and liability method when future tax effects are to be expected which are due either to temporary differences between the IFRS carrying amounts of existing assets and liabilities and their tax carrying amounts or to existing loss carryforwards and tax credit. Deferred tax assets must be tested for impairment in each fiscal year. Deferred tax assets and liabilities are calculated using the tax rates that are expected to apply to taxable income in the years in which these temporary differences are reversed or offset based on current tax legislation. Current tax and deferred tax are recognized outside profit or loss if the tax relates to items that are recognized, in the same or a different period, outside profit or loss. The effect of changes in tax rates on deferred tax assets and liabilities is reported in profit or loss in the period in which the amendments are resolved by lawmakers or in the period to which a legal amendment already resolved is set to apply. Tax assets and liabilities are offset if and only if there is a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

3.12 OPERATING SEGMENTS

Bitcoin Group SE is required to prepare segment reporting in accordance with IFRS 8. Segmentation is based on the management approach.

A business segment is a part of a company that performs business activities with which income is generated and from which expenses are incurred, including income and expenses in relation to transactions with another part of the company.

The results of a business segment are regularly reviewed by the enterprise's chief operating decision maker on the basis of the independent financial information available to make decisions about the resources to be allocated to the segment and to assess its performance.

4. NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

4.1 NON-CURRENT ASSETS

4.1.1 PROPERTY, PLANT AND EQUIPMENT

All figures in EUR	**Property, Plant and Equipment**
Cost	
As of January 1, 2019	134,224.09
Additions	93,133.93
Additions from business combinations	9,165.60
As of December 31, 2019	236,523.62
Depreciation and remeasurement	
As of January 1, 2019	-95,211.09
Depreciation	-23,794.53
As of December 31, 2019	-119,005.62
Carrying amounts as of December 31, 2019	**117,518.00**

Cost	
As of January 1, 2018	123,558.70
Additions	10,665.39
As of December 31, 2018	134,224.09
Depreciation and remeasurement	
As of January 1, 2018	-67,599.70
Depreciation	-27,611.39
As of December 31, 2018	-95,211.09
Carrying amounts as of December 31, 2018	**39,013.00**

4.1.2 GOODWILL

All figures in EUR	**Goodwill**
Cost	
As of January 1, 2019	3,882,225.95
Additions	0.00
Disposals	0.00
As of December 31, 2019	3,882,225.95
Write-downs and impairment	
As of January 1, 2019	0.00
Depreciation	0.00
Impairment	0.00
As of December 31, 2019	0.00
Carrying amounts as of December 31, 2019	**3,882,225.95**
Cost	
As of January 1, 2018	3,882,225.95
Additions	0.00
Disposals	0.00
As of December 31, 2018	3,882,225.95
Write-downs and remeasurement	
As of January 1, 2018	0.00
Depreciation	0.00
Remeasurement in other comprehensive income	0.00
As of December 31, 2018	0.00
Carrying amounts as of December 31, 2019	**3,882,225.95**

The goodwill results from the first-time consolidation of Bitcoin Deutschland AG in fiscal 2014.

In the context of impairment testing, goodwill was assigned to the cash-generating unit which is identical to the subsidiary of Bitcoin Deutschland AG. The recoverable amount for the subsidiary (cash-generating unit) is determined on the basis of the value in use calculated using cash flow forecasts based on financial planning approved by the company's management for a period of three years. The risk-free interest rate of the cash-generating units of 7.88% (previous year: 7.72%) is based on the weighted average cost of capital (WACC) after company taxes. As in the previous year, this is calculated on the basis of capital asset pricing model (CAPM) using current market expectations. Specific peer group information for beta factors, capital structure data and debt cost rates was used to calculate the risk-free interest rates for the purposes of impairment testing. The terminal value is used for periods not included in planning. Cash flows after the three-year period are assumed to grow at a constant rate of 0.20% (previous year: 1.00%).

Basic assumptions in the calculation of value in use

The basic assumptions used by the company's management in its cash flow forecasts for testing goodwill fo impairment are described below.

The following assumptions used to calculate the value in use of the cash-generating unit are subject to estimation uncertainty:

Three-year business plan – The business plan was prepared by the company's management on the basis of estimates of future business performance. These estimates were based on past experience.

Discount rates – The discount rates reflect estimates by the company's management regarding the specific risks to be attributable to the cash-generating unit. A basic interest rate of 0.20% (previous year: 1.00%) and a risk premium of 6.88% (previous year: 6.72%) were used to calculate the appropriate discount rates for the cash-generating unit. A growth discount of 1.00% is assumed for perpetual annuity (previous year: 1.00%).

Sensitivity of assumptions

The values in use calculated significantly exceeded the carrying amounts of the cash-generating units. The company's management is of the opinion that no change that could reasonably be made to the basic assumptions used to determine the value in use of the cash-generating unit could lead to the carrying amount of the cash-generating unit exceeding its recoverable amount.

4.1.3 INTANGIBLE ASSETS

All figures in EUR	Intangible assets (other)	Intangible assets (licenses)	Intangible assets (crypto currencies)	Total
Cost				
As of January 1, 2019	61,115.57	0.00	10,029,172.05	10,090,287.62
Additions	0.00	0.00	2,519,950.44	2,519,950.44
Disposals	0.00	0.00	-80,039.58	-80,039.58
Additions from business combinations	8,204.51	781,532.20	0.00	789,736.71
As of December 31, 2019	**69,320.08**	**781,532.20**	**12,469,082.91**	**13,319,935.19**
Amortization and remeasurement				
As of January 1, 2019	-1,784.00	0.00	3,071,807.86	3,070,023.86
Amortization and write-downs	-2,644.51	0.00	0.00	-2,644.51
Reversal of impairment losses	0.00	0.00	699,006.74	699,006.74
Remeasurement in other comprehensive income	0.00	0.00	11,266,507.73	11,266,507.73
As of December 31, 2019	-4,428.51	0.00	15,037,322.33	15,032,893.82
Carrying amounts as of December 31, 2019	**64,891.57**	**781,532.20**	**27,506,405.24**	**28,352,829.01**

All figures in EUR	Intangible assets (other)	Intangible assets (licenses)	Intangible assets (crypto currencies)	Total
Cost				
As of January 1, 2018	61,115.57	0.00	4,788,949.45	4,850,065.02
Additions	0.00	0.00	5,352,138.46	5,352,138.46
Disposals	0.00	0.00	-111,915.86	-111,915.86
As of December 31, 2018	**61,115.57**	**0.00**	**10,029,172.05**	**10,090,287.62**
Amortization and remeasurement				
As of January 1, 2018	-1,784.00	0.00	36,693,667.96	36,691,883.96
Impairment	0.00	0.00	-6,196,909.08	-6,196,909.08
Remeasurement in other comprehensive income	0.00	0.00	-27,424,951.02	-27,424,951.02
As of December 31, 2018	-1,784.00	0.00	3,071,807.86	3,070,023.86
Carrying amounts as of December 31, 2018	**59,331.57**	**0.00**	**13,100,979.91**	**13,160,311.48**

As of the end of the reporting period, intangible assets were neither pledged as collateral for liabilities nor otherwise restricted.

Intangible assets (licenses)

Licenses that are bank licenses are essential for the Banking segment. It is therefore assumed that they will be as used for as long as the segment is operational. Their useful life is thus considered indefinite.

Intangible assets (cryptocurrencies)

Cryptocurrencies are remeasured as of the reporting date. The following overview shows the difference between fair values and carrying amounts for reporting periods and for the previous year.

	2019		2018	
All figures in EUR thousand	Fair value	Carrying amount	Fair value	Carrying amount
BTC / Bitcoin	24,840	5,408	11,573	2,787
BCH / Bitcoin Cash	1,072	483	711	284
ETH / Ethereum	1,050	1,028	749	732
BTG / Bitcoin Gold	39	24	67	30
BSV / Bitcoin Satoshis Vision	504	28	-	-
	27,506	**6,971**	**13,101**	**3,832**

4.1.4 RIGHT-OF-USE ASSETS

Access to right-of-use assets is connected to the initial consolidation of futurum bank AG and essentially relates to office premises in Frankfurt/Main.

Right-of-use assets developed as follows:

	2019
All figures in EUR	**Right-of-use assets**
Cost	
As of January 1, 2019	0.00
Additions	634,045.23
As of December 31, 2019	634,045.23
Depreciation and remeasurement	
As of January 1, 2019	0.00
Depreciation and write-downs	-31,702.89
As of December 31, 2019	-31,702.89
Carrying amounts as of December 31, 2019	**602,342.34**

The following amounts were paid for leases:

All figures in EUR	
Rent for properties	27,378.18
Vehicle leases	10,200.00

	2018
All figures in EUR	**Right-of-use assets**
Cost	
As of January 1, 2018	0.00
Additions	0.00
Disposals	0.00
As of December 31, 2018	0.00
Depreciation and remeasurement	
As of January 1, 2018	0.00
Depreciation and write-downs	0.00
Remeasurement in other comprehensive income	0.00
As of December 31, 2018	0.00
Carrying amounts as of December 31, 2018	**0.00**

4.1.5 DEFERRED TAX ASSETS

Deferred tax assets have been recognized for temporary differences in non-current financial assets, a recognized right-of-use asset and the offsetting liability, which arose from the acquisition of futurum bank AG. The effect from other non-current financial assets is recognized in other comprehensive income at EUR 66 thousand (previous year: EUR 0 thousand). EUR 5 thousand (previous year: EUR 0 thousand) is recognized in profit or loss for the right-of-use asset and the offsetting lease liabilities. Deferred taxes on measurement adjustments are calculated using the tax rates applicable in Germany. As all matters in connection with deferred taxes arose in Germany, an average tax rate of 30% is assumed for the fiscal year.

4.1.6 OTHER NON-CURRENT FINANCIAL ASSETS

The other non-current financial assets reported as of December 31 relate to payments for the acquisition of Sineus and shares held in the banking book of the Banking segment.

It is not necessary to consolidate the Sineus acquisition as it is not controlled or significantly influenced. The equity investment is thus measured at fair value through other comprehensive income in accordance with IFRS 9. Its fair value is EUR 167 thousand as of December 31, 2019 (2018: EUR 164 thousand).

The banking book holdings of the Banking segment, which are not held for trading purposes for strategic reasons, comprise shares in Biofrontera AG and CytoTools AG. They are assigned to the FVOCI category in accordance with IFRS 9 and measured at fair value through other comprehensive income. As of December 31, 2019, the fair value of the shares in Biofrontera AG amounts to EUR 282 thousand (2018: EUR 0 thousand) while the shares in CytoTools AG have a fair value of EUR 59 thousand (2018: EUR 0 thousand).

4.2 CURRENT ASSETS

4.2.1 TRADE RECEIVABLES FROM THIRD PARTIES

All trade receivables (2019: EUR 935 thousand; previous year: EUR 2 thousand) have a remaining term of up to one year in 2019 and the previous years.

The Group did not receive any collateral for trade receivables in 2019 or the comparative periods of 2018. As of the end of the reporting period, there were no indications that the receivables might not be settled on maturity, and therefore no impairment losses were recognized.

The maximum credit risk of the receivables is the gross carrying amount of the receivables.

4.2.2 OTHER FINANCIAL ASSETS (RECEIVABLES FROM RELATED PARTIES)

Other financial assets amount to EUR 30 thousand as of December 31, 2019 (previous year: EUR 137 thousand).

The receivables from the related party Bitpayment GmbH, Herford, reported in the fiscal year relate to services performed by the company. They have a remaining term of less than one year and amount to EUR 30 thousand. The figures recognized for all receivables from related companies are equal to their amortized cost. As of the end of the reporting period, there were no indications that the receivables might not be settled on maturity, and therefore no impairment losses were recognized.

The maximum credit risk of the receivables from related parties is the gross carrying amount of the receivables.

4.2.3 OTHER CURRENT FINANCIAL ASSETS

Other current financial assets amount to EUR 32 thousand (previous year: EUR 0 thousand). These are listed shares received in conjunction with the first-time consolidation of futurum bank AG. They are classified as at fair value through profit or loss and have a carrying amount of EUR 32 thousand (previous year: EUR 0 thousand). The carrying amount of the financial assets is equal to the maximum risk of default. Bank terms and conditions and pledge agreement credit of EUR 1,250 thousand serves as collateral for current financial assets.

4.2.4 OTHER NON-FINANCIAL ASSETS (CURRENT)

As of the end of 2019, this item mainly includes advance payments for services of EUR 59 thousand (previous year: EUR 11 thousand) that will not be rendered until the subsequent year.

4.2.5 CASH AND CASH EQUIVALENTS

This item exclusively contains bank balances. Bank terms and conditions and pledge agreement credit of EUR 1,250 thousand serves as collateral for other current financial assets of EUR 32 thousand (previous year: EUR 0 thousand) and for liabilities to banks of EUR 159 thousand (previous year: EUR 0 thousand). The counterparty has an obligation to return the security to the Group. There was no restricted cash in fiscal 2019 or the comparative period.

4.2.6 INCOME TAX ASSETS

This item included corporation tax and trade tax assets in the previous year.

4.3 EQUITY

The issued capital of Bitcoin Group SE is the fully paid in share capital of EUR 5,000,000. The share capital is divided into 5,000,000.00 bearer shares. The share capital of EUR 300,000 was increased to EUR 5,000,000 by way of the contribution of Bitcoin Deutschland AG shares as of October 24, 2014. The majority shareholder Priority AG transferred shares in Bitcoin Deutschland AG by way of non-cash contribution against subscription of 4,700,000 new shares, each representing EUR 1 of the company's share capital. All shares have the same rights.

The development of equity is shown in the statement of changes in equity.

4.4 LIABILITIES

4.4.1 TRADE PAYABLES TO THIRD PARTIES

Trade payables do not bear interest and generally mature between 30 and 90 days.

4.4.2 OTHER FINANCIAL LIABILITIES (LIABILITIES TO RELATED PARTIES)

There were liabilities to BitPayment.de GmbH of EUR 30 thousand as of December 31, 2019 (previous year: EUR 38 thousand).

4.4.3 OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities of EUR 200 thousand (previous year: EUR 0 thousand) comprise financial liabilities to banks due on demand for which there are bank balances of EUR 1,250 thousand (previous year: EUR 0 thousand) serving as collateral in accordance with bank terms and conditions and pledge agreements.

4.4.4 OTHER NON-FINANCIAL LIABILITIES

Other non-financial liabilities break down as shown in the table:

All figures in EUR	December 31, **2019**	December 31, **2018**
Liabilities for outstanding invoices	177,750.00	209,500.00
Liabilities to staff	100,400.00	117,683.00
Audit and consulting liabilities	89,500.00	81,300.00
Wage and church tax liabilities	43,379.53	13,650.67
Social security	981.70	2,161.27
VAT liabilities	0.00	19,372.70
Other non-financial liabilities	**412,011.23**	**443,667.64**

4.4.5 INCOME TAX LIABILITIES

Income tax liabilities relate to corporation tax and trade tax.

4.4.6 DEFERRED TAX LIABILITIES

Deferred tax liabilities were recognized for temporary differences in intangible assets. The effect is recognized in other comprehensive income at EUR 6,161 thousand (previous year: EUR 2,781 thousand). EUR 234 thousand arises from the first-time consolidation of futurum. Deferred taxes on measurement adjustments are calculated using the tax rates applicable in Germany. As all matters in connection with deferred taxes arose in Germany, an average tax rate of 30% is assumed for the fiscal year.

5. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

5.1 REVENUE

The Bitcoin Group generates its revenue from consulting and brokerage services for cryptocurrency transactions. Furthermore, the Banking segment generates income from securities trading and revenue from the performance of services for customers in connection with financial products. Amounts generated in securities trading in the fiscal year total EUR 380 thousand.

Further information on revenue recognition can be found in note 3.9.

All revenue was generated in Germany.

5.2 OTHER OPERATING INCOME

The following table shows the composition and development of other operating income:

All figures in EUR	January 1 - 31 December, **2019**	January 1 - 31 December, **2018**
Income from offsetting employee's non-cash remuneration	19,551.94	14,687.24
Currency translation	267.33	0.00
Sundry other operating income	68,519.05	0.00
Other operating income	**88,338.32**	**14,687.24**

5.3 COST OF MATERIALS

The cost of materials essentially relates to external securities trading services in the Banking segment.

5.4 STAFF COSTS

The following table shows the composition and development of staff costs:

All figures in EUR	January 1 - 31 December, **2019**	January 1 - 31 December, **2018**
Wages and salaries	1,250,179.77	821,191.67
Social security contributions	169,794.70	113,321.61
Total	**1,419,974.47**	**934,513.28**

Social security contributions in the reporting year comprise statutory and voluntary social security expenses and employer's liability insurance contributions.

The following table shows the number of employees at the company:

	2019	**2018**
Employees	21	11
Total	**21**	**11**

5.5 DEPRECIATION AND AMORTIZATION

The amortization of intangible assets and depreciation of property, plant and equipment are shown in the company's statements of changes in non-current assets (notes 4.1.1 to 4.1.4).

5.6 OTHER OPERATING EXPENSES

Other operating costs break down as shown in the table:

All figures in EUR	January 1 - 31 December, **2019**	January 1 - 31 December, **2018**
Legal, consulting and auditing costs	247,431.02	307,961.41
Purchased services	237,633.34	232,782.69
Advertising and travel expenses	233,756.98	402,956.50
Insurance, contributions, duties	185,188.73	191,786.48
Management	66,989.70	21,883.72
IT costs	49,136.24	34,496.67
Annual General Meeting	37,746.83	53,848.94
Vehicle fleet	26,470.80	22,970.19
Direct write-downs on receivables	24,000.00	0.00
Remuneration of Supervisory Board	19,555.81	16,900.00
Postage and telephone costs	18,179.35	24,914.25
Room costs	16,874.92	0.00
Travel costs	14,575.99	0.00
Incidental transaction costs	10,817.86	12,719.94
Network charges	5,726.55	27,338.35
Currency translation	2,615.83	0.00
Sundry other operating expenses	272,123.04	279,773.79
Other operating expenses	**1,468,822.99**	**1,630,332.93**

5.7 FINANCE COSTS

Finance costs include interest in respect of lease liabilities of EUR 2 thousand.

5.8 INCOME TAXES

Income taxes break down as shown in the table:

All figures in EUR	January 1 - 31 December, **2019**	January 1 - 31 December, **2018**
Actual tax expense		
Taxes on income and profit	1,125,617.38	892,233.00
Deferred tax expense		
Income from deferred taxes	-4,830.62	0.00
Income tax expense/income	**1,120,786.76**	**892,233.00**

5.9 EARNINGS PER SHARE

Earnings per share are as follows:

		January 1 - 31 December, **2019**	January 1 - 31 December, **2018**
Net profit for the year after taxes of Bitcoin Group SE	EUR thousand	2,153,115	1,546,240
Average number of shares			
Basic	Number	5,000,000	5,000,000
Diluted	Number	5,000,000	5,000,000
Earnings per share			
Basic	EUR	0.43	0.31
Diluted	EUR	0.43	0.31

As no diluted share options were concluded in the reporting period, there were no dilution effects on earnings per share in the reporting period.

6. STATEMENT OF CASH FLOWS

The statement of cash flows breaks down the cash flows according to inflows and outflows from operating, investing and financing activities, regardless of the structure of the statement of financial position. Cash flow from operating activities is derived indirectly from earnings before interest and taxes. Earnings before taxes are adjusted for non-cash expenses (essentially depreciation and amortization) and income. The cash flow from operating activities results taking into account the changes in working capital.

The “Cash and cash equivalents” items consists of cash and cash equivalents.

7. OPERATING SEGMENTS

For management purposes, Bitcoin Group SE is organized into business units based on its products and services and has two reportable segments, as follows:

- Cryptocurrencies: operation of a trading platform for cryptocurrencies.
- Banking: performance of services for customers in connection with financial products.

The Cryptocurrencies segment consists of two legal entities. The Banking segment consists of one legal entity. The legal entities are clearly assigned to the segments; there are no zebra companies. Both segments generate income and expenses as referred to by IFRS 8.5, which are regularly reported to management in order to assess their performance. There is also discrete financial information for both segments.

No operating segments have been aggregated to form the above reportable operating segments.

Segment reporting and segment management are based on IFRS. The accounting policies for the reportable segments also apply to transactions between reportable segments and are the same as the Group accounting policies described in note 3. Transactions between segments are performed on arm’s-length conditions.

The Management Board is the chief operating decision maker, and monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements. Also, the Group’s financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

The Group generates revenue from the transfer of goods and services, predominantly at a point in time, exclusively from the Group companies based in Germany. In fiscal 2019, Bitcoin Group SE generated approximately 13% of its consolidated revenue with one customer in the Banking segment.

The Group's revenue is attributable to the segments as follows:

All figures in EUR	January 1 - 31 December, **2019**	January 1 - 31 December, **2018**	Change (absolute)	Change (in percent)
Cryptocurrencies segment	4,735,665.38	11,333,206.94	-6,597,541.56	-58.2%
Banking segment	1,562,300.46	0.00	1,562,300.46	-
Segment revenue	**6,297,965.84**	**11,333,206.94**	**-5,035,241.10**	**-44.4%**
Group revenue	**6,297,965.84**	**11,333,206.94**	**-5,035,241.10**	**-44.4%**

The Group's EBITDA is attributable to the segments as follows:

All figures in EUR	January 1 - 31 December, **2019**	January 1 - 31 December, **2018**	Change (absolute)	Change (in percent)
Cryptocurrency segment	2,482,168.56	8,656,616.01	-6,174,447.45	-71.3%
Banking segment	112,515.05	0.00	112,515.05	-
Segment EBITDA	**2,594,683.61**	**8,656,616.01**	**-6,061,932.40**	**-70.0%**
Group EBITDA	**2,594,683.61**	**8,656,616.01**	**-6,061,932.40**	**-70.0%**

8. RELATED PARTY DISCLOSURES

Priority AG is Bitcoin Group SE's parent company and has significant influence.

Within the Group, Bitcoin Group SE provided Bitcoin AG with services in the amount of EUR 300 thousand. Bitcoin Group SE generated interest income of EUR 77 thousand from Bitcoin AG and interest income of EUR 71 thousand from futurum Bank AG.

Server hosting services in the amount of EUR 27 thousand (previous year: EUR 40 thousand) were purchased from Softjury GmbH, a subsidiary of Priority AG, in 2019. Movable assets of EUR 0 thousand (previous year: EUR 6 thousand) were leased from Softjury. Training services in the amount of EUR 2 thousand (previous year: EUR 0 thousand) were procured from Softjury GmbH. Accounting services in the amount of EUR 3 thousand (previous year: EUR 4 thousand), training services of EUR 1 thousand (previous year: EUR 1 thousand), entertainment expenses of EUR 1 thousand (previous year: EUR 0 thousand) and insurance costs of EUR 2 thousand (previous year: EUR 0 thousand) were purchased from Priority AG. Services amounting to EUR 2 thousand (previous year: EUR 5 thousand) were also purchased from Coupling Media GmbH, a subsidiary of Priority AG. Services amounting to EUR 17 thousand (previous year: EUR 31 thousand) were obtained from Bitpayment GmbH, a subsidiary of Priority AG. McDrowd GmbH, a subsidiary of Priority AG, provided building services in the amount of EUR 0 thousand (previous year: EUR 1 thousand). Operating and office equipment of EUR 10 thousand (previous year: EUR 0 thousand) and general meeting costs of EUR 3 thousand (previous year: EUR 0 thousand) were purchased from DH Verwaltungs GmbH & Co KG, a subsidiary of Priority AG. Services in the amount of EUR 14 thousand (previous year: EUR 0 thousand) were purchased from Sineus, an equity investment of Bitcoin Group SE held as a non-current financial asset.

9. KEY CONTRACTS OF THE GROUP

Agreement with Fidor Bank AG on investment/contract broking bound by contract dated June 28, 2013

Fidor Bank AG, Munich, provides the Group subsidiary Bitcoin Deutschland AG with the opportunity to sell or buy bitcoins to or from other customers on its own Internet platform www.bitcoin.de ("broking activities"). It is the legal opinion of the German Federal Financial Supervisory Authority (BaFin) that bitcoins are financial instruments in the form of units of account as defined by section 1(11) sentence 1 KWG. The services performed by the broker in accordance with the above are therefore considered a financial service for which a permit is required in the form of contract broking (section 1(1a) sentence 2 no. 2 KWG) or investment broking (section 1(1a) sentence 2 no. 1 KWG).

The subsidiary does not yet have this permit.

Bitcoin Deutschland AG receives the commission owed by customers in the form of bitcoins or other crypto-currencies on behalf of Fidor Bank AG. As consideration for the services contractually owed by Fidor, Fidor Bank AG receives monthly flat-rate remuneration from the Group which is reported here under "Cost of materials". The Group receives 100% of the commission received for the transactions brokered from Fidor Bank AG.

10. CLASSIFICATION OF FINANCIAL INSTRUMENTS AND FAIR VALUE

Fair value is the price that would be paid for the sale of an asset or for the transfer of a liability in an orderly transaction between market participants on the principal market at the measurement date under current market conditions (e.g. a disposal price), regardless of whether the price is directly observable or estimated using other measurement methods.

A measurement hierarchy (fair value hierarchy) was established in accordance with IFRS 13 “Fair Value Measurement”. The measurement hierarchy divides the inputs used in measuring fair value into three levels:

- Level 1: Inputs are quoted prices (unadjusted) on active markets for identical assets or liabilities that can be accessed on the measurement date.

- Level 2: Inputs are inputs other than quoted prices in Level 1 that are either directly observable or can be indirectly derived for the asset or liability.

- Level 3: Inputs are unobservable inputs for the asset or liability.

Using this, the Group determines whether there have been any transfers between the hierarchy levels as of the end of the respective reporting period.

The fair value of financial instruments that do not have a quoted market price on active markets is calculated on the basis of current parameters such as interest and exchange rates as of the reporting date, the use of accepted models such as the discounted cash flow method and taking credit risk into account.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels of the fair value hierarchy. It does not contain any information on the fair value for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

All figures in EUR
Non-current financial assets
Other non-current financial assets
Shares and other non-fixed-income securities
Equity investments
Deposits
Current financial assets
Trade and other receivables
Trade and other current receivables (affiliated companies)
Other current financial assets
Cash and cash equivalents
Current financial liabilities
Trade payables and other current liabilities
Other financial liabilities (liabilities to related parties)
Other current financial liabilities

All figures in EUR	Carrying amounts	
Summary per category	December 31, **2019**	December 31, **2018**
Financial assets at amortized cost	5,708,668	2,692,966
Financial assets at fair value through other comprehensive income (FVTOCI)	508,193	3,675,829
Financial assets at fair value through profit or loss (FVTPL)	31,642	0
Financial liabilities at amortized cost (FLAC)	921,492	125,684

Categories according to IFRS 9	Fair value	Carrying amount		Fair value	Carrying amount	
	December 31, 2019	December 31, 2019	Hierarchy	December 31, 2018	December 31, 2018	Hierarchy
FVTOCI	341,587	341,587	Level 1	0	0	
FVTOCI	166,606	166,606	Level 2	3,675,829	3,675,829	Level 2
AC	27,043	27,043		0	0	
AC	934,626	934,626		2,149	2,149	
AC	29,988	29,988		137,111	137,111	
FVTPL	31,642	31,642	Level 1	0	0	
AC	4,717,011	4,717,011		2,553,706	2,553,706	
FLAC	720,984	720,984		87,950	87,950	
FLAC	768	768		37,733	37,733	
FLAC	199,741	199,741		0	0	

For the unlisted shares in Sineus acquired in 2018, which were initially assigned to the FVTOCI category, there are no indications as of the end of the reporting period that their cost is not representative of their fair value. The cost is therefore the best estimate for the fair value of these shares as of December 31, 2019.

The net gains/losses on financial instruments by category are as follows:

All figures in EUR	Net profit/loss	
Summary per category	December 31, **2019**	December 31, **2018**
Financial assets at amortized cost	14,186	6,417
Financial assets at fair value through other comprehensive income (FVTOCI)	-221,381	0
Financial assets at fair value through profit or loss (FVTPL)	275,931	0
Financial liabilities at amortized cost (FLAC)	-6,329	-39

The total interest income from financial assets in the AC category amounts to EUR 39 thousand (previous year: EUR 6 thousand). The total interest expense for FLAC financial liabilities amounts to EUR 4 thousand (previous year: EUR 0 thousand).

11. MANAGEMENT OF THE RISKS OF FINANCIAL INSTRUMENTS

The financial instruments in the Group essentially include receivables, liabilities and bank balances.

Risks refer to unexpected events and possible developments that have a negative impact on the achievement of planned objectives. Risks that have a high potential impact on the achievement of the company's objectives in terms of its financial position and financial performance are particularly important.

The Group has a solvent customer base. So far there have been no defaults thanks to automated retention of 1% of the purchase price when selling cryptocurrencies. This is retained automatically in accordance with the advance payment principle. Liabilities are paid within the agreed periods. The objective of the Group's financial and risk management is to protect the company against financial risks of all kinds. The company employs a conservative risk policy in the management of its financial positions. The company has adequate receivables management to minimize the risks of default.

A default of 5%, based on December 31, 2019, would have an earnings effect of EUR 47 thousand (December 31, 2018: EUR 0 thousand).

Risk of default

The risk of default is the risk of a full or partial default by a partner. The maximum default risk to the Group of an item is its capitalized amount and thus its carrying amount.

If individual default risks are discernible for individual items, these are recognized as impairment losses. There were no discernible risks of default for the reporting year. No impairment losses were required.

Interest rate risk

The Group sees interest rate risk as the risk of a change in the value of assets or liabilities as a result of the interest rate as a parameter relevant to measurement. The Group has hardly any interest-bearing assets or liabilities. The possible impact of interest rate changes on the Group is therefore highly limited.

Liquidity risk

Liquidity risk is the risk of being unable to meet current or future payment obligations, or of only being granted less favorable conditions. The Group companies essentially generate cash and cash equivalents from operating activities. The probability of significant remaining liquidity risks is considered very low.

Currency risk

In the event of investments outside the euro area, currency fluctuations can have a negative or positive effect on the value of equity investments. Exchange rates are monitored regularly. The currency risk is classified as immaterial as most investments are made in the euro area.

Market risk

The market risk to the company lies in the falling number of cryptocurrency transactions. Cryptocurrency trading is subject to several risks and uncertainties as cryptocurrencies are still relatively new. Cryptocurrency trading volumes have grown steadily over recent years. The Group tracks the trading volume. Risks are monitored on an ongoing basis.

Equity price risk

The banking book and trading book holdings of the Banking segment are subject to equity price risk. The banking book comprises listed FVTOCI shares with a fair value of EUR 342 thousand (previous year: EUR 0 thousand). Trading book holdings also exclusively comprise listed FVTPL shares with a fair value of EUR 32 thousand (previous year: EUR 0 thousand).

If the prices of these equities had been 10% higher/lower as of the end of the reporting period:

- the net income for the fiscal year ended December 31, 2019 would have been EUR 3 thousand higher/lower (2018: increase/reduction of EUR 0 thousand). This results from changes in the fair value of financial investments in listed shares; and

- the other comprehensive income for the fiscal year ended December 31, 2019 would have been EUR 34 thousand higher/lower (2018: increase/reduction of EUR 0 thousand). This results from changes in the fair value of financial investments in equity instruments.

Price risk

As a result of its acquisition of futurum bank AG, the Group is exposed to market price risks from proprietary positions, i.e. trading book securities held by futurum bank AG for its own account. Losses could arise as a result of negative price developments. The risk is equal to the maximum loss potential of the positions in the portfolios concerned. futurum bank AG's banking book is also exposed to interest rate risks from the short-term investment of cash funds. However, as liquidity is essentially financed interest-free and there is otherwise no significant maturity transformation, these risks are very immaterial.

12. MANAGEMENT OF ECONOMIC CAPITAL

The primary objective of Bitcoin Group SE's capital management is to ensure the financial resources to achieve the company's objectives. The Group's capital structure, and in particular its share of debt, is monitored by the Group depending on its financial position and financial performance. There were no financial liabilities in either the reporting year or the previous year.

13. EVENTS AFTER THE END OF THE REPORTING PERIOD

There have been no further events that would lead to an adjustment of the amounts recognized in the financial statements in accordance with IAS 10.8 et seq.

The outbreak of the new respiratory disease SARS-CoV-2 (COVID-19), generally known as coronavirus, first came to light in the city of Wuhan in the Chinese province of Hubei in December 2019. The World Health Organization (WHO) declared an international health emergency at the end of January 2020. At this time, the virus has spread to more than 185 countries and around 257,000 people worldwide have died as a result of infection. China and the other countries hit hardest (US, Spain, Italy) have attempted to stem or delay the virus as much as possible with measures that reached dramatic proportions at times. These include sealing off the areas and regions affected, suspending flights, travel restrictions and entry bans, banning and canceling expos, seminars, sporting events and other gatherings, the temporary closure of public facilities, universities, schools, kindergartens and companies.

The economic repercussions for Bitcoin Group SE are not yet clear at this time. The at times dramatic measures by central banks might erode people's trust in traditional currencies, which would mean greater demand for cryptocurrencies like Bitcoin. However, a precise forecast is not possible as cryptocurrencies are generally more susceptible to fluctuations in value. As cryptocurrencies can only be traded and sold electronically, the effects within the supply chain are easy to track. For this reason, Bitcoin Group SE remains cautiously optimistic regarding its business development. Nevertheless, as there are signs of a potentially enormous overall impact on the global economy, the possibility cannot be ruled out that Bitcoin Group SE will not entirely escape the direct and indirect repercussions. The government of the Federal Republic of Germany is projecting the worst recession in the post-War era and a slump in GDP of 6%. This development also reflects the substantial uncertainty regarding the possible short, medium and long-term effects of the virus on the world economy.

14. EXECUTIVE BODIES OF BITCOIN GROUP SE

The management of a European company (SE) can consist of a management board and supervisory board or, as in English-speaking jurisdictions, a board of directors with executive and non-executive managers. Bitcoin Group SE has opted for the second variant. All payments to the Board of Directors must be made at short notice.

Directors of the company	December 31, 2019
Managing Directors	Michael Nowak
	Marco Bodewein

Mr. Michael Nowak and Mr. Marco Bodewein are entered in the commercial register as Managing Directors. As per their agreements, the Managing Directors received remuneration of EUR 219.4 thousand for their activities in the reporting year.

Board of Directors as of December 31, 2019

The following persons were members of the Board of Directors in the past fiscal year:

- Martin Rubensdörffer (lawyer), Remscheid
- Prof. Rainer Hofmann (university professor), Ludwigshafen
- Alexander Müller, computer science graduate, publicly appointed and sworn IT expert, member of the German Bundestag, Niedernhausen

The remuneration of the above members of the Board of Directors amounted to EUR 23.4 thousand in the reporting year.

Board of Directors as of December 31, 2018

- Martin Rubensdörffer (lawyer), Remscheid
- Prof. Rainer Hofmann (university professor), Ludwigshafen
- Alexander Müller, computer science graduate, publicly appointed and sworn IT expert, member of the German Bundestag (from February 22, 2018), Niedernhausen
- Frank Schäffler (businessman, former member of German Parliament), Bünde (until February 16, 2018)

The remuneration of the above members of the Board of Directors amounted to EUR 23.4 thousand in 2018.

15. FEE FOR SERVICES BY THE AUDITOR OF THE CONSOLIDATED FINANCIAL STATEMENTS

All figures in EUR thousand	December 31, **2019**	December 31, **2018**
Audits of financial statements (separate and consolidated financial statements)	30	23
Tax advisory services	0	0
Other assurance and valuation services	0	0
Other services	0	0
Total	**30**	**23**

16. DECLARATION BY BITCOIN SE'S

IN ACCORDANCE WITH ARTICLE 9(1) C) II) OF THE SE REGULATION IN CONJUNCTION WITH SECTION 161 AKTG ON THE GERMAN CORPORATE GOVERNANCE CODE

The Board of Directors of a European company (SE) listed in Germany is legally required in accordance with section 22(6) SEAG in conjunction with section 161 AktG to declare once per year whether the officially published recommendations of the Government Commission for the German Corporate Governance Code (GCGC) applicable at the time of the declaration have been and are complied with. Companies are also required to declare which recommendations of the Code have not been or are not applied and why. The full text of the declaration of compliance by the Board of Directors of Bitcoin SE has been made permanently available on the company's website at www.bitcoingroup.com.

Herford, June 19, 2020

Michael Nowak,
Managing Director

Marco Bodewein,
Managing Director

RESPONSIBILITY STATEMENT

To the best of our knowledge and in accordance with the applicable accounting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Herford, June 30, 2020

Michael Nowak,
Managing Director

Marco Bodewein,
Managing Director

BESTÄTIGUNGSVERMERK DES UNABHÄNGIGEN ABSCHLUSSPRÜFERS

An die Bitcoin Group SE, Herford

Prüfungsurteile

Wir haben den Konzernabschluss der Bitcoin Group SE und ihrer Tochtergesellschaften (der Konzern) – bestehend aus der Konzernbilanz zum 31. Dezember 2019, der Konzerngesamtergebnisrechnung, der Konzerneigenkapitalveränderungsrechnung und der Konzernkapitalflussrechnung für das Geschäftsjahr vom 1. Januar 2019 bis zum 31. Dezember 2019 sowie dem Konzernanhang, einschließlich einer Zusammenfassung bedeutsamer Rechnungslegungsmethoden – geprüft. Darüber hinaus haben wir den Konzernlagebericht der Bitcoin Group SE für das Geschäftsjahr vom 1. Januar 2019 bis zum 31. Dezember 2019 geprüft. Die Entsprechenserklärung des Verwaltungsrats haben wir in Einklang mit den deutschen gesetzlichen Vorschriften nicht inhaltlich geprüft.

Nach unserer Beurteilung aufgrund der bei der Prüfung gewonnenen Erkenntnisse

- entspricht der beigefügte Konzernabschluss in allen wesentlichen Belangen den IFRS, wie sie in der EU anzuwenden sind, und den ergänzend nach § 315e Abs. 1 HGB anzuwendenden deutschen gesetzlichen Vorschriften und vermittelt unter Beachtung dieser Vorschriften ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens- und Finanzlage des Konzerns zum 31. Dezember 2019 sowie seiner Ertragslage für das Geschäftsjahr vom 1. Januar 2019 bis zum 31. Dezember 2019 und

- vermittelt der beigefügte Konzernlagebericht insgesamt ein zutreffendes Bild von der Lage des Konzerns. In allen wesentlichen Belangen steht dieser Konzernlagebericht in Einklang mit dem Konzernabschluss, entspricht den deutschen gesetzlichen Vorschriften und stellt die Chancen und Risiken der zukünftigen Entwicklung zutreffend dar. Unser Prüfungsurteil zum Konzernlagebericht erstreckt sich nicht auf den Inhalt der Entsprechenserklärung des Verwaltungsrats.

Gemäß § 322 Abs. 3 Satz 1 HGB erklären wir, dass unsere Prüfung zu keinen Einwendungen gegen die Ordnungsmäßigkeit des Konzernabschlusses und des Konzernlageberichts geführt hat.

Grundlage für die Prüfungsurteile

Wir haben unsere Prüfung des Konzernabschlusses und des Konzernlageberichts in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung sowie unter ergänzender Beachtung der International Standards on Auditing (ISA) durchgeführt. Unsere Verantwortung nach diesen Vorschriften, Grundsätzen und Standards ist im Abschnitt „Verantwortung des Abschlussprüfers für die Prüfung des Konzernabschlusses und des Konzernlageberichts" unseres Bestätigungsvermerks weitergehend beschrieben. Wir sind von den Konzernunternehmen unabhängig in Übereinstimmung mit den deutschen handelsrechtlichen und berufsrechtlichen Vorschriften und haben unsere sonstigen deutschen Berufspflichten in Übereinstimmung mit diesen Anforderungen erfüllt. Wir sind der Auffassung, dass die von uns erlangten Prüfungsnachweise ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zum Konzernabschluss und zum Konzernlagebericht zu dienen.

Sonstige Informationen

Die geschäftsführenden Direktoren sind für die sonstigen Informationen verantwortlich. Die sonstigen Informationen umfassen:

- Kapitel „An die Aktionäre" im Geschäftsbericht 2019

Der Verwaltungsrat ist für folgende sonstige Informationen verantwortlich:

- Bericht des Verwaltungsrats im Kapitel „An die Aktionäre" im Geschäftsbericht 2019

- Entsprechenserklärung des Verwaltungsrats der Bitcoin SE gemäß Art. 9 Abs. 1 lit. c) ii) SE-VO i. V. m. § 161

AktG zum Deutschen Corporate Governance Kodex, Punkt 9., des Lageberichtes für das Geschäftsjahr 2019 Unsere Prüfungsurteile zum Konzernabschluss und zum Konzernlagebericht erstrecken sich nicht auf die sonstigen Informationen, und dementsprechend geben wir weder ein Prüfungsurteil noch irgendeine andere Form von Prüfungsschlussfolgerung hierzu ab.

Im Zusammenhang mit unserer Prüfung haben wir die Verantwortung, die sonstigen Informationen zu lesen und dabei zu würdigen, ob die sonstigen Informationen:

- wesentliche Unstimmigkeiten zum Konzernabschluss, Konzernlagebericht oder unseren bei der Prüfung erlangten Kenntnissen aufweisen oder
- anderweitig wesentlich falsch dargestellt erscheinen.

Verantwortung der geschäftsführenden Direktoren und des Verwaltungsrats für den Konzernabschluss und den Konzernlagebericht

Die geschäftsführenden Direktoren sind verantwortlich für die Aufstellung des Konzernabschlusses, der den IFRS, wie sie in der EU anzuwenden sind, und den ergänzend nach § 315e Abs. 1 HGB anzuwendenden deutschen gesetzlichen Vorschriften in allen wesentlichen Belangen entspricht, und dafür, dass der Konzernabschluss unter Beachtung dieser Vorschriften ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt. Ferner sind die gesetzlichen Vertreter verantwortlich für die internen Kontrollen, die sie als notwendig bestimmt haben, um die Aufstellung eines Konzernabschlusses zu ermöglichen, der frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist.

Bei der Aufstellung des Konzernabschlusses sind die geschäftsführenden Direktoren dafür verantwortlich, die Fähigkeit des Konzerns zur Fortführung der Unternehmenstätigkeit zu beurteilen. Des Weiteren haben sie die Verantwortung, Sachverhalte in Zusammenhang mit der Fortführung der Unternehmenstätigkeit, sofern einschlägig, anzugeben. Darüber hinaus sind sie dafür verantwortlich, auf der Grundlage des Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit zu bilanzieren, es sei denn, es besteht die Absicht den Konzern zu liquidieren oder der Einstellung des Geschäftsbetriebs oder es besteht keine realistische Alternative dazu.

Außerdem sind die geschäftsführenden Direktoren verantwortlich für die Aufstellung des Konzernlageberichts, der insgesamt ein zutreffendes Bild von der Lage des Konzerns vermittelt sowie in allen wesentlichen Belangen mit dem Konzernabschluss in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt. Ferner sind die gesetzlichen Vertreter verantwortlich für die Vorkehrungen und Maßnahmen (Systeme), die sie als notwendig erachtet haben, um die Aufstellung eines Konzernlageberichts in Übereinstimmung mit den anzuwendenden deutschen gesetzlichen Vorschriften zu ermöglichen, und um ausreichende geeignete Nachweise für die Aussagen im Konzernlagebericht erbringen zu können. Der Verwaltungsrat ist verantwortlich für die Überwachung des Rechnungslegungsprozesses des Konzerns zur Aufstellung des Konzernabschlusses.

Verantwortung des Abschlussprüfers für die Prüfung des Konzernabschlusses und des Konzernlageberichts

Unsere Zielsetzung ist, hinreichende Sicherheit darüber zu erlangen, ob der Konzernabschluss als Ganzes frei von wesentlichen – beabsichtigten oder unbeabsichtigten – falschen Darstellungen ist, und ob der Konzernlagebericht insgesamt ein zutreffendes Bild von der Lage des Konzerns vermittelt sowie in allen wesentlichen Belangen mit dem Konzernabschluss sowie mit den bei der Prüfung gewonnenen Erkenntnissen in Einklang steht, den deutschen gesetzlichen Vorschriften entspricht und die Chancen und Risiken der zukünftigen Entwicklung zutreffend darstellt, sowie einen Bestätigungsvermerk zu erteilen, der unsere Prüfungsurteile zum Konzernabschluss und zum Konzernlagebericht beinhaltet.

Hinreichende Sicherheit ist ein hohes Maß an Sicherheit, aber keine Garantie dafür, dass eine in Übereinstimmung mit § 317 HGB unter Beachtung der vom Institut der Wirtschaftsprüfer (IDW) festgestellten deutschen Grundsätze ordnungsmäßiger Abschlussprüfung sowie unter ergänzender Beachtung der ISA durchgeführte Prüfung eine wesentliche falsche Darstellung stets aufdeckt. Falsche Darstellungen können aus Verstößen oder Unrichtigkeiten resultieren und werden als wesentlich angesehen, wenn vernünftigerweise erwartet werden könnte, dass sie einzeln oder insgesamt die auf der Grundlage dieses Konzernabschlusses und Konzernlageberichts getroffenen wirtschaftlichen Entscheidungen von Adressaten beeinflussen.

Während der Prüfung üben wir pflichtgemäßes Ermessen aus und bewahren eine kritische Grundhaltung. Darüber hinaus:

- identifizieren und beurteilen wir die Risiken wesentlicher – beabsichtigter oder unbeabsichtigter – falscher Darstellungen im Konzernabschluss und Konzernlagebericht, planen und führen Prüfungshandlungen als Reaktion auf diese Risiken durch sowie erlangen Prüfungsnachweise, die ausreichend und geeignet sind, um als Grundlage für unsere Prüfungsurteile zu dienen. Das Risiko, dass wesentliche falsche Darstellungen nicht aufgedeckt werden, ist bei Verstößen höher als bei Unrichtigkeiten, da Verstöße betrügerisches Zusammenwirken, Fälschungen, beabsichtigte Unvollständigkeiten, irreführende Darstellungen bzw. das Außerkraftsetzen interner Kontrollen beinhalten können.

- gewinnen wir ein Verständnis von dem für die Prüfung des Konzernabschlusses relevanten internen Kontrollsystem und den für die Prüfung des Konzernlageberichts relevanten Vorkehrungen und Maßnahmen, um Prüfungshandlungen zu planen, die unter den gegebenen Umständen angemessen sind, jedoch nicht mit dem Ziel, ein Prüfungsurteil zur Wirksamkeit dieser Systeme abzugeben.

- beurteilen wir die Angemessenheit der von den gesetzlichen Vertretern angewandten Rechnungslegungsmethoden sowie die Vertretbarkeit der von den gesetzlichen Vertretern dargestellten geschätzten Werte und damit zusammenhängenden Angaben.

- ziehen wir Schlussfolgerungen über die Angemessenheit des von den gesetzlichen Vertretern angewandten Rechnungslegungsgrundsatzes der Fortführung der Unternehmenstätigkeit sowie, auf der Grundlage der erlangten Prüfungsnachweise, ob eine wesentliche Unsicherheit im Zusammenhang mit Ereignissen oder Gegebenheiten besteht, die bedeutsame Zweifel an der Fähigkeit des Konzerns zur Fortführung der Unternehmenstätigkeit aufwerfen können. Falls wir zu dem Schluss kommen, dass eine wesentliche Unsicherheit besteht, sind wir verpflichtet, im Bestätigungsvermerk auf die dazugehörigen Angaben im Konzernabschluss und im Konzernlagebericht aufmerksam zu machen oder, falls diese Angaben unangemessen sind, unser jeweiliges Prüfungsurteil zu modifizieren. Wir ziehen unsere Schlussfolgerungen auf der Grundlage der bis zum Datum unseres Bestätigungsvermerks erlangten Prüfungsnachweise. Zukünftige Ereignisse oder Gegebenheiten können jedoch dazu führen, dass der Konzern seine Unternehmenstätigkeit nicht mehr fortführen kann.

- beurteilen wir die Gesamtdarstellung, den Aufbau und den Inhalt des Konzernabschlusses einschließlich der Angaben sowie ob der Konzernabschluss die zugrunde liegenden Geschäftsvorfälle und Ereignisse so darstellt, dass der Konzernabschluss unter Beachtung der IFRS, wie sie in der EU anzuwenden sind, und der ergänzend nach § 315e Abs. 1 und Abs. 3 HGB anzuwendenden deutschen gesetzlichen Vorschriften ein den tatsächlichen Verhältnissen entsprechendes Bild der Vermögens-, Finanz- und Ertragslage des Konzerns vermittelt.

- holen wir ausreichende geeignete Prüfungsnachweise für die Rechnungslegungsinformationen der Unternehmen oder Geschäftstätigkeiten innerhalb des Konzerns ein, um Prüfungsurteile zum Konzernabschluss und zum Konzernlagebericht abzugeben. Wir sind verantwortlich für die Anleitung, Überwachung und Durchführung der Konzernabschlussprüfung. Wir tragen die alleinige Verantwortung für unsere Prüfungsurteile.

- beurteilen wir den Einklang des Konzernlageberichts mit dem Konzernabschluss, seine Gesetzesentsprechung und das von ihm vermittelte Bild von der Lage des Konzerns.

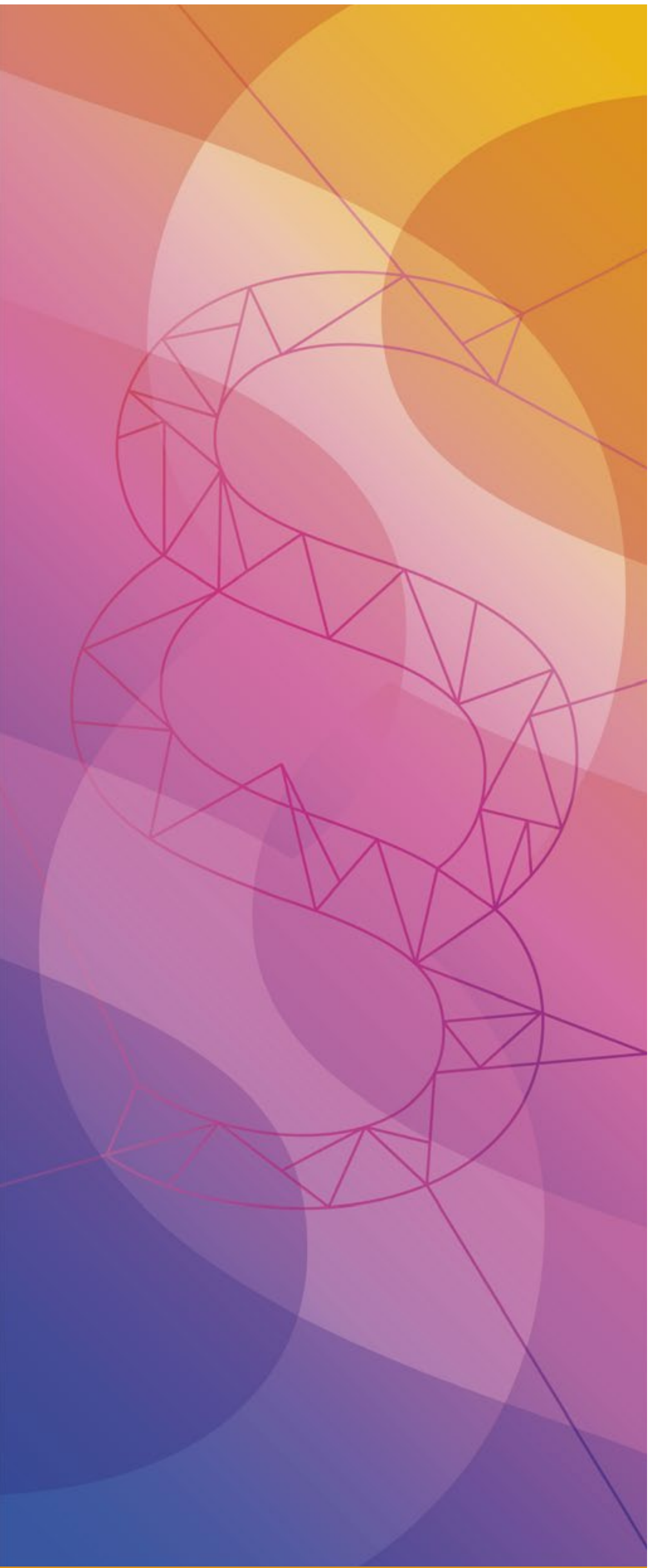
- führen wir Prüfungshandlungen zu den von den gesetzlichen Vertretern dargestellten zukunftsorientierten Angaben im Konzernlagebericht durch. Auf Basis ausreichender geeigneter Prüfungsnachweise vollziehen wir dabei insbesondere die den zukunftsorientierten Angaben von den gesetzlichen Vertretern zugrunde gelegten bedeutsamen Annahmen nach und beurteilen die sachgerechte Ableitung der zukunftsorientierten Angaben aus diesen Annahmen. Ein eigenständiges Prüfungsurteil zu den zukunftsorientierten Angaben sowie zu den zugrunde liegenden Annahmen geben wir nicht ab. Es besteht ein erhebliches unvermeidbares Risiko, dass künftige Ereignisse wesentlich von den zukunftsorientierten Angaben abweichen.

Wir erörtern mit den für die Überwachung Verantwortlichen unter anderem den geplanten Umfang und die Zeitplanung der Prüfung sowie bedeutsame Prüfungsfeststellungen, einschließlich etwaiger Mängel im internen Kontrollsystem, die wir während unserer Prüfung feststellen.

München, den 30. Juni 2020

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft
(Düsseldorf)

Abel	Merget
Wirtschaftsprüfer	Wirtschaftsprüferin



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The annual report of Bitcoin Group SE is available on the Internet at www.bitcoingroup.com.

In addition to the employees of Bitcoin Group SE, the following participated in the preparation of this annual report:

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